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LEGISLATIVE HISTORY

Public Law 85-683
H. R. 13268

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Index and summary of H. R. 13268

May 19, 1958 Sen. Thye introduced and discussed S. 3858 and Rep. Quie introduced H. R. 12555 which were referred to the Senate Agriculture and Forestry and the House Agriculture Committees. Prints of bills as introduced and remarks of Sen. Thye.

July 2, 1958 Rep. Jennings introduced H. R. 13268 which was referred to the House Agriculture Committee. Print of bill as introduced.

July 23, 1958 House subcommittee ordered reported H. R. 12555 and H. R. 13268.

July 25, 1958 House committee ordered H. R. 13268 reported.

July 30, 1958 Senate committee ordered S. 3858 reported without amendment.

House committee reported H. R. 13268 without amendment. H. Report No. 2317. Print of bill and report.

Aug. 4, 1958 House passed H. R. 13268 without amendment.

Aug. 5, 1958 Senate committee reported S. 3858 without amendment. S. Report No. 2196. Print of bill and report.

H. R. 13268 was received by the Senate and placed on the calendar. Print of bill.

Aug. 7, 1958 Senate passed H. R. 13268 without amendment.

S. 3858 was indefinitely postponed.

Aug. 19, 1958 Approved: Public Law 85-683.

DIGEST OF PUBLIC LAW 85-683

CCC PURCHASE OF FLOUR OR MEAL FOR DONATION PURPOSES. Provides that any time the Commodity Credit Corporation has wheat or corn available for donation under Sec. 416 of the Agricultural Act of 1949, Sec. 210 of the Agricultural Act of 1956, or title II of Public Law 480, 83d Congress, the Corporation may, in lieu of processing its own wheat or corn into flour or meal, purchase flour or meal for donation to the U. S. to school lunch programs, needy persons, charitable institutions, and to non-profit voluntary agencies for assistance to needy persons outside the U. S. Authorizes CCC to sell a quantity of wheat and corn not to exceed that which is equivalent to the quantity of flour and meal purchased for such donations.

85TH CONGRESS
2D SESSION

S. 3858

IN THE SENATE OF THE UNITED STATES

MAY 19, 1958

MR. THYE introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That at any time Commodity Credit Corporation has wheat
4 or corn available for donation pursuant to clauses (3) or
5 (4) of section 416 of the Agricultural Act of 1949, as
6 amended, section 210 of the Agricultural Act of 1956, or
7 title II of the Agricultural Trade Development and Assist-
8 ance Act, as amended, the Corporation, in lieu of processing
9 all or any part of such wheat or corn into flour or meal,
10 may purchase flour or meal in quantities not to exceed the

1 equivalent of such wheat or corn so available on the date
2 of purchase and donate such flour and meal pursuant to
3 clauses (3) or (4) of said section 416 and to said section
4 210 and make such flour or meal available to the President
5 pursuant to said title II and may sell, without regard to the
6 provisions of section 407 of the Agricultural Act of 1949,
7 as amended, a quantity of wheat and corn not to exceed
8 that which is equivalent to the quantity of flour and meal
9 so purchased.

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

By Mr. THYE

MAY 19, 1958

Read twice and referred to the Committee on
Agriculture and Forestry

under a sale under such provisions shall be subject to a right of reverter to the United States, upon the:

(a) Failure of the vendee, lessee, or grantee to comply with the terms of the sale, lease, or grant of easement;

(b) Nonuse of the property for a 3-year period;

(c) Abandonment; or

(d) Proclamation of the President of the United States of the existence of a national emergency and a finding by the Secretary of the Army that the particular part or parcel sold, leased, or encumbered by easement is absolutely required in the interest of national defense.

Sec. 7. (a) The Secretary of the Army may make such regulations as may be necessary to carry out the provisions of this act.

(b) Prior to the sale or rental of, or grant of easement in, any land under the provisions of this act the Secretary of the Army shall give such public notice as may be reasonably necessary to give all interested parties in the general vicinity of such land an opportunity to apply for such sale, rental, or grant of easement.

Sec. 8. Money received by the United States from sales, leases, or grants of easement under this act shall be covered into the Treasury as miscellaneous receipts.

Sec. 9. The interest of a lessee of property under the provisions of this act or the interest of a grantee under such provisions of an easement over, in, or upon property, may be taxed by any public body having jurisdiction thereof.

Sec. 10. Nothing in this act shall amend or modify any provision of section 4 of the Flood Control Act of December 22, 1944, as amended (16 U. S. C. 460d) or the act of March 10, 1934 (the Coordination Act), as amended (16 U. S. C. 661-666c); and this act shall be administered consistently with the policies of those provisions.

The bill (S. 3854) to authorize the Secretary of the Army to sell lands at dam and reservoir projects to State and local agencies for port development, or recreational or industrial facilities, introduced by Mr. MAGNUSON (for himself, Mr. JACKSON, Mr. NEUBERGER, and Mr. MORSE) is as follows:

Be it enacted, etc., That notwithstanding any other provision of law, whenever the Secretary of the Army determines that the development of public port or recreational facilities, or industrial facilities on land, which is part of a dam and reservoir project under his jurisdiction, will be in the public interest and in furtherance of the objectives and purposes of the project, he may convey such land to a political subdivision of a State or to a port district, port authority, or other body created by a State or through a compact between two or more States, for the purpose of developing or encouraging the development of any or all of such facilities. In any case where two or more political subdivisions of, or bodies created by, a State seek to obtain the same land, the Secretary of the Army shall give preference to that political subdivision or body whose intended use of the land will best promote the purposes for which the project of which such land is a part was authorized.

Sec. 2. Any conveyance authorized by this act shall be made at the fair market value as determined by the Secretary of the Army, and upon condition that the property shall be utilized only in accordance with the provisions of the first section of this act. The Secretary of the Army shall include in the deed of any such conveyance any terms, conditions, reservations, and restrictions he determines to be necessary for the development, maintenance, or operation of the project involved and as may otherwise be in the public

interest or necessary to carry out the provisions of this act.

Sec. 3. Prior to the conveyance of any land under the provisions of this act the Secretary of the Army shall give such public notice as may be reasonably necessary to give all interested eligible bodies in the general vicinity of such land an opportunity to apply for the purchase of such land.

Sec. 4. The proceeds from any conveyance made under the provisions of this act shall be covered into the Treasury as miscellaneous receipts.

AMENDMENT OF SHIPPING ACT, 1916

Mr. BUTLER. Mr. President, I introduce, for appropriate reference, a bill to amend the Shipping Act, 1916, in order to make unlawful under the provisions of that act a special rate granted in return for an exclusive contract with a shipper. I ask unanimous consent that a statement relating to the bill, prepared by me, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3857) to amend the Shipping Act, 1916, in order to make lawful under the provisions of such act a special rate granted in return for an exclusive contract with a shipper, introduced by Mr. BUTLER, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The statement presented by Mr. BUTLER is as follows:

STATEMENT BY SENATOR BUTLER

The Supreme Court has today handed down a decision which shatters the traditional and time-honored conference system of ratemaking for ocean shipping. This decision affirms the judgment of the Court of Appeals for the District of Columbia in the case of *Federal Maritime Board v. Isbrandt-Mosek Company, Inc., et al.* and *Japan-Atlantic and Gulf Freight Conference, et al. v. United States, et al.*

In my considered view, these decisions will create a confusion and result which is contrary to the intent of the Congress in the enactment of the Shipping Act, 1916. Justices Frankfurter and Burton, in their joint dissenting opinion, put the problem in this perspective:

"The Court today holds that any dual system of international steamship rates tied to exclusive patronage contracts that is designed to meet outside competition—howsoever justified it may be as a reasonable means of counteracting cut-throat competition—violates section 14 of the Shipping Act of 1916 and cannot be approved by the Federal Maritime Board pursuant to section 15 of that act. The Court thus outlaws a practice that has prevailed among international steamship conferences for half a century, that is presently employed by at least half of the hundred-odd conferences subject to Board jurisdiction, and that has been found by the Board in this case to decrease the probability of ruinous rate wars in the shipping industry. In doing so, the Court does more than set aside a weighty decision of the Federal Maritime Board. It could do so only by rendering meaningless two prior decisions in which this Court respected the power given by Congress to the Board, within the usual limits of administrative discretion, to approve or disapprove such agreements."

Except in one particular, Justice Harlan also agreed with this dissenting opinion.

To insure that the difficulties which most certainly will now ensue in respect to rate-

making will be minimized and clarified, I believe that the Shipping Act, 1916, should be amended "to make lawful under the act a special rate granted in return for an exclusive contract with a shipper."

PURCHASE AND DONATION OF FLOUR AND CORNMEAL FOR CERTAIN PURPOSES

Mr. THYE. Mr. President, I introduce, for appropriate reference, a bill authorizing the Commodity Credit Corporation to purchase flour and cornmeal and donating them for certain domestic and foreign purposes. I ask unanimous consent that a statement relating to the bill, prepared by me, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3858) authorizing the Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes, introduced by Mr. THYE, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The statement presented by Mr. THYE is as follows:

STATEMENT BY SENATOR THYE

I offer for introduction a bill to authorize the Commodity Credit Corporation to purchase flour and cornmeal and to donate these purchased commodities for domestic and foreign purchases.

According to the present provisions of Public Law 480, the Commodity Credit Corporation is required to process stocks of its wheat and corn into flour and cornmeal for purposes of donation. These donations are made domestically to (1) the school-lunch program, (2) to needy persons under State welfare programs, and (3) to certain qualified institutions such as hospitals and juvenile correctional schools. Foreign donations are made through nonprofit voluntary agencies such as religious groups and CARE to needy persons in foreign countries.

I am informed that under the present administrative requirements about 10 days are required to process the bids which are advertised and let to milling interests to produce flour and cornmeal from the stocks of the Commodity Credit Corporation. When a milling project is advertised for bids, I am informed that as many as 90 different destinations might be involved and firms throughout the Nation respond to the bid requests requests. The result is that the Grain Division of the Commodity Stabilization Service is faced with the task of processing as many as 5,000 bids for various destinations by various firms. This situation is further complicated by the fact that when the bids are advertised it is not always possible for the Department to know just where the wheat or corn will be available for shipment to the selected bidder.

The proposal which I offer for introduction would authorize the Commodity Credit Corporation to go into the market and purchase flour and cornmeal directly without having to go through this complicated process of advertising for milling bids. The Department advises me that the processing of direct sales bids would require about only 4 days as compared to the present 10. The simplification of administrative procedures involved hardly needs emphasis.

With the recent announcement that the export subsidy-in-kind program is being ex-

tended to corn and feed grains in addition to the wheat program, we have succeeded in removing to a great extent the activities of the Commodity Credit Corporation in the grain export business. The export of surplus commodities has been returned to the normal channels of the grain trade.

I suggest now that we take this further step which would take the Commodity Credit Corporation out of the milling business. Why now allow our surplus corn and wheat move through the normal grain trade and milling channels instead of incurring the additional administrative and storage costs involved in moving these grains into Government storage and then out again for processing. I suggest that the authorization provided in my proposal will attack the commodity surplus program before it moves into Government storage to the extent that donations may be made to domestic and foreign outlets.

This authorization can be adopted without increasing the level of trade activities engaged in by the Commodity Credit Corporation. We should look toward deemphasizing the commercial activities of the CCC and, although this proposal is a step in the right direction, I certain do not want it to be looked upon as a change which might later lead to increased trade activities.

ADDITIONAL FACILITIES FOR TRAINING OF UNITS OF RESERVE COMPONENTS OF ARMED FORCES

Mr. RUSSELL. Mr. President, by request on behalf of myself, and the Senator from Massachusetts [Mr. SALTONSTALL], I introduce, for appropriate reference, a bill to provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States. This bill is requested by the Department of Defense, and is accompanied by a letter of transmittal, explaining the purposes of the bill. I ask unanimous consent that the letter of transmittal be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3863) to provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States, introduced by Mr. RUSSELL (for himself and Mr. SALTONSTALL), by request, was received, read twice by its title, and referred to the Committee on Armed Services.

The letter presented by Mr. RUSSELL is as follows:

THE SECRETARY OF DEFENSE,
Washington, May 1, 1958.

Hon. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States," together with a sectional analysis thereof.

This proposal is part of the Department of Defense Legislative Program for 1958, and has been approved by the Bureau of the Budget. The Department of Defense recommends that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The National Defense Facilities Act of 1950 (Public Law 783, 81st Cong.) authorized the acquisition and construction of fa-

cilities for the Reserve components of the Armed Forces, which authorization was amended by Public Law 302 of the 84th Congress and Public Law 85-215. Permanent provisions of the foregoing legislation have been codified in chapter 133 of title 10, United States Code, or are included in pending amendments thereto.

Report No. 696, House of Representatives, 85th Congress, 1st session, based on hearings before the Committee on Armed Services preceding enactment of Public Law 85-215, stated that sufficient increase in the general authorization for facilities for the Reserve components would be provided for fiscal year 1958, but that thereafter "the Department of Defense should request annual authorizations on a line-item basis." The proposed legislation would provide such specific project authorization for fiscal year 1959, together with certain other provisions necessary to effect the transition from the general authorization heretofore granted by the Congress to the line-item type required for future programs.

The proposed legislation is premised upon retention of the provisions of chapter 133 of title 10, United States Code, to the fullest extent compatible with the expressed intent of the Congress. The only substantive amendment of that chapter would be the deletion of the requirement for "consultation" with the Armed Services Committees with respect to the projects to be undertaken by the Secretary of Defense, and substitution thereof of a provision requiring authorization by law of specific projects, with certain exceptions.

The proposed legislation would authorize specific projects for the Naval Reserve, the Marine Corps Reserve, the Air Force Reserve, and the Air National Guard. Additional authorization is not requested for the Army Reserve and Army National Guard inasmuch as projects heretofore authorized and appropriated for, but remaining unconstructed, are sufficient in number to cover the approved obligation program of construction during fiscal year 1959 for both of these Reserve components.

COST AND BUDGET DATA

Enactment of this proposed legislation would authorize the appropriation of funds for specific line items in the amount of \$11,892,000 for the Department of the Navy; \$6,272,000 for the Air Force Reserve; and \$11,976,000 for the Air National Guard of the United States, of which \$8 million is included in the President's budget for fiscal year 1959 for the Department of the Navy, an undetermined amount not exceeding \$6,272,000 for the Air Force Reserve, and \$9,600,000 for the Air National Guard of the United States.

Sincerely yours,

DONALD A. QUARLES.

(2 Inclosures: 1. Draft bill, 2. Sectional analysis.)

SECTIONAL ANALYSIS OF A BILL TO PROVIDE ADDITIONAL FACILITIES NECESSARY FOR THE ADMINISTRATION AND TRAINING OF UNITS OF THE RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES

Section 1 (1) amends section 2233 (a) of title 10, United States Code, so as to delete the present requirement for consultation with the Armed Services Committees, since a later subsection establishes a requirement for line item authorization.

Section 1 (2) adds two new subsections, 2233 (e) and 2233 (f). Section 2233 (e) authorizes the Secretary of Defense to procure advance planning, construction design, and architectural services in connection with reserve facilities which have not been specifically authorized by line item. Similar authority with respect to public works is contained in section 504 of Public Law 155, 82d Congress, as amended by section 512 of Public Law 161, 84th Congress. Section 2233 (f)

provides that facilities for reserve forces shall not be considered "military public works" within the meaning of those provisions of military construction authorization acts which repeal prior authorizations for public works. Thus, section 506 of Public Law 85-241 repeals authorizations for public works contained in acts approved before July 28, 1954, but by subsection 4 excepts from such repeal authorizations contained in sections 2231-2238 of title 10. Section 1 (2) of the subject bill would eliminate any possible question as to the necessity for annual inclusion of a savings clause to prevent the repeal of chapter 133.

Section 1 (3) adds a new section 2233a to provide that no expenditure or contribution that is more than \$50,000 may be made unless the facility has been authorized by a line item. This section also provides two permanent exceptions to the requirement for line item authorization: (a) leases are exempted, so that the new procedure will conform to the present procedure, under which consultation is not effected with respect to leases; and (b) the restoration or replacement of facilities damaged or destroyed is also exempted from the line item requirement, as it is under section 407 of Public Law 968, 84th Congress.

Section 1 (4) amends the analysis of chapter 133 to include section 2233a.

Section 2 contains two technical amendments. Subsection (a) amends section 3 of the National Defense Facilities Act so as to delete the limitations on money authorization and time. Since facilities for reserve forces will henceforth be authorized by line items in statutes which contain their own money authorization, the limitations now contained in the National Defense Facilities Act will be deleted for additional clarity.

Subsection (b) amends section 3 (a) of the National Defense Facilities Act of 1950, as amended. This section provides that appropriations otherwise available for the payment of rentals may be used to lease property for the purposes of the act without regard to the monetary limitations of the act. However, since the monetary limitations would be repealed by section 2 (a), this reference to it should be eliminated.

Section 3 authorizes the Secretary of Defense to establish or develop the facilities listed therein. Authority is also provided for facilities made necessary by changes in the assignment of weapons or equipment to Reserve forces units, if the Secretary of Defense or his designee determines that the deferral of such facilities would be inconsistent with the interests of national security, and he notifies the Armed Services Committee of the Senate and the House of Representatives of the nature and estimated cost of any such facility. This will provide for facilities of an emergency nature, similar to those authorized by section 302 (b) of Public Law 968, 84th Congress, as amended, although the criteria used by the present bill are considerably more stringent.

Section 4 provides certain exceptions to the requirement of line item authorization. These exceptions are of a temporary nature, and are therefore stated separately from those permanent exceptions which section 1 (3) of the bill makes a part of title 10 of the United States Code. These temporary exceptions are (a) those facilities which have been the subject of consultation with the Armed Services Committees of the Senate and the House of Representatives before July 1, 1958, where they are under contract before July 1, 1960, and are funded from appropriations made before the bill is enacted; and (b) those facilities authorized by the emergency provisions of section 3 (3) of the bill.

Section 5 authorizes the Secretary of Defense to establish or develop installations or facilities under the act, without regard for sections 3648 and 3734 of the Revised Statutes. Section 3648, which has been codified as section 529 of title 31, United States Code,

85TH CONGRESS
2^D SESSION

H. R. 12555

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 1958

Mr. QUIE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That at any time Commodity Credit Corporation has wheat
4 or corn available for donation pursuant to clauses (3) or
5 (4) of section 416 of the Agricultural Act of 1949, as
6 amended, section 210 of the Agricultural Act of 1956, or
7 title II of the Agricultural Trade Development and Assist-
8 ance Act, as amended, the Corporation, in lieu of processing
9 all or any part of such wheat or corn into flour or meal, may
10 purchase flour or meal in quantities not to exceed the equiva-

1 lent of such wheat or corn so available on the date of pur-
2 chase and donate such flour and meal pursuant to clauses
3 (3) or (4) of said section 416 and to said section 210
4 and make such flour or meal available to the President pur-
5 suant to said title II and may sell, without regard to the
6 provisions of section 407 of the Agricultural Act of 1949,
7 as amended, a quantity of wheat and corn not to exceed
8 that which is equivalent to the quantity of flour and meal
9 so purchased.

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

By Mr. QUINCY

MAY 19, 1958

Referred to the Committee on Agriculture

85TH CONGRESS
2D SESSION

H. R. 13268

IN THE HOUSE OF REPRESENTATIVES

JULY 2, 1958

Mr. JENNINGS introduced the following bill; which was referred to the Committee on Agriculture

A BILL

Authorizing Commodity Credit Corporation to purchase flour and corn meal and donating same for certain domestic and foreign purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That at any time Commodity Credit Corporation has wheat or
4 corn available for donation pursuant to clauses (3) or (4) of
5 section 416 of the Agricultural Act of 1949, as amended,
6 section 210 of the Agricultural Act of 1956, or title II of the
7 Agricultural Trade Development and Assistance Act, as
8 amended, the Corporation, in lieu of processing all or any
9 part of such wheat or corn into flour or meal, may purchase
10 flour or meal in quantities not to exceed the equivalent of

1 such wheat or corn so available on the date of purchase and
2 donate such flour and meal pursuant to clauses (3) or (4)
3 of said section 416 and to said section 210 and make such
4 flour or meal available to the President, pursuant to said
5 title II and may sell, without regard to the provisions of sec-
6 tion 407 of the Agricultural Act of 1949, as amended, a
7 quantity of wheat and corn not to exceed that which is equiv-
8 alent to the quantity of flour and meal so purchased.

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

By Mr. JENNINGS

JULY 2, 1958

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 24, 1958
For actions of July 23, 1958
85th-2d, No. 124

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HIGHLIGHTS: House passed Public Law 480 bill. Senate debated farm bill. House appointed conferees on reciprocal trade extension bill. Both Houses received proposed bill to provide revolving fund for USDA loans.

HOUSE

1. FOREIGN TRADE; SURPLUS COMMODITIES. Passed under suspension of the rules, 195 to 52, S. 3420, to extend Public Law 480. (pp. 13392, 13435, A6607-08, A6634-35) As passed the bill provides as follows:

Extends titles I and II for 1 year, through June 30, 1959. Authorizes the sale of an additional \$1.5 billion of agricultural surpluses for foreign currencies under title I. Continues the present authorization of \$800 million for donation of surplus commodities to friendly countries under title II. Directs the Secretary to barter or exchange CCC surplus commodities, in an amount not to exceed \$500 million annually, for strategic materials or other materials of which the U. S. does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges, for materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or for materials or equipment required in substantial quantities for offshore construction programs. Prohibits the placing of restrictions, in carrying out barters or exchanges, on countries of the free world into which surplus commodities may be sold,

except where the Secretary has made a specific finding that a transaction will replace a cash sale for dollars. Provides that no material shall be excluded from barter by reason of the fact that it has been domestically processed, if provision is made for the importation of an equivalent amount of similar raw material. Directs the Secretary to assist farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials. Directs other Federal agencies to cooperate with the Secretary in the disposal of surplus commodities by means of barter or exchange. Authorizes the use of foreign currencies acquired under the program, as may be specified from time to time in appropriation acts, for the acquisition of sites and building and grounds abroad for U. S. Government use; financing trade fair participation and related activities; health programs; literacy and technical training programs and similar programs not specifically covered by other provisions of the bill; international educational exchanges; expansion and operation of American-sponsored schools and educational institutions abroad; supporting workshops and chairs in American studies; and financing an expanded program of locating, evaluating, translating, and acquiring foreign books, periodicals, and other publications outside the U. S. which are of scientific, technical, and cultural significance to the U. S. Authorizes the President to make any area under the jurisdiction of administration of the U. S., such as the Trust Islands of the Pacific and the Ryuku Islands, eligible to participate in the surplus commodities disposal and distribution programs under Public Law 480 and Sec. 32 of the act of 1935. Provides that in negotiating agreements for sales of commodities for foreign currencies the President shall take reasonable precautions to assure that such sales will not unduly disrupt normal patterns of commercial trade with friendly countries.

2. TRADE AGREEMENTS. Conferees were appointed on H. R. 12591, to extend the trade agreements authority. Senate conferees have not been appointed. p. 13392
3. CCC GRAINS. A subcommittee of the Agriculture Committee ordered reported H. R. 12555 and H. R. 13268, to authorize CCC to exercise the option of processing or reprocessing CCC stocks of grain, or to purchase commodities in such form in the open market, for donation purposes. p. D725
4. RECLAMATION. The Interior and Insular Affairs Committee "concluded the consideration and amending of H. R. 594, Fryingpan-Arkansas project bill, and ordered a clean bill, incorporating such amendments, reported to the House." p. D726
5. PERSONNEL AWARDS. Passed under suspension of the rules H. R. 488, to provide for the conferring of an award to be known as the Medal for Distinguished Civilian Achievement. p. 13392
6. APPROPRIATIONS. Conferees were appointed on H. R. 13066, the legislative branch appropriation bill for 1959. Senate conferees have not been appointed. p. 13392
7. SMALL BUSINESS. Passed, 131 to 5, with amendments S. 3651, to make equity capital and long-term credit more readily available for small-business concerns pp. 13392-432
8. ELECTRIFICATION. Rep. Porter discussed the development of hydroelectric power in the Pacific Northwest and stated that "the administration's shortsighted power policy will lead us into a very serious power shortage in the Pacific Northwest." pp. 13435-37

July 25, 1958

livestock. He also stated that there would be a call of the calendar Monday, July 28. p. 13861.

6. ADJOURNED until Mon., July 28. p. 13880

HOUSE

7. AGRICULTURE COMMITTEE ordered reported the following bills:

~~H. R. 11056, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain imported citrus fruits, dried fruits, and nuts;~~

H. R. 13268, to authorize CCC to purchase flour and cornmeal for donation instead of having such products processed from its own stocks;

S. 479, to grant a 50-year right-of-way for a water pipeline across the Lincoln National Forest, N. M.;

S. 1245, to provide a right-of-way to the city of Alamogordo, N. M., across the Lincoln National Forest, N. M.; and

S. 3439, to reconvey to Salt Lake City the Forest Service Fire Warehouse lot in that city. p. D736

8. WATERSHED PROJECTS. The Agriculture Committee approved the following watershed projects: Mill Creek, Ga.; Obion Creek, Ky.; Muddy Creek, Miss. and Tenn.; Adobe Creek, Calif.; Buena Vista Creek, Calif.; Central Sonoma Creek, Calif.; Upper Nanticoke River, Ill.; Donaldson Creek, Ky.; Mud Creek, Neb.; Coon Creek, Wis.; Peavine Mountain Creek, Nev.; and Indian Creek, Miss. p. D737

9. FORESTRY. The Interior and Insular Affairs Committee reported with amendment S. 3051, to provide for either private or Federal acquisition of that part of the Klamath Indian Forest which must be sold (H. Rept. 2278). p. 13897

10. FOOD ADDITIVES. The Interstate and Foreign Commerce Committee ordered reported H. R. 13254, to prohibit the use of food additives which have not been adequately tested to establish their safety. p. D738

11. LEGISLATIVE PROGRAM. Rep. McCormack announced that on Tues., July 29, the House will consider S. 3051, the Klamath forest bill, and S. 3817, to encourage mining through direct payments to producers; and that on Wed., July 30, the only programmed bill will be H. R. 9020, to amend the Packers and Stockyards Act to transfer jurisdiction over certain transactions from USDA to FTC, but that other bills might be taken up if rules could be secured from the Rules Committee, including housing, distressed areas redevelopment, and community facilities bills. pp. 13887-8

12. ADJOURNED until Mon., July 28. p. 13891

ITEMS IN APPENDIX

13. ETHICS. Rep. Bennett inserted the code of ethics for Government service adopted as the intent of Congress on July 11, and also inserted the report of the Senate committee on the measure. pp. A6705-7

14. FOREIGN AID. Sen. Jenner inserted an editorial criticizing the expenditure of mutual security funds in the Near East and South Asia in the last 10 years as a failure. p. A6696

15. FORESTRY. Sen. Dworshak inserted an editorial criticizing^{ing} the proposed wilderness bill as an attempt to freeze Idaho's progress by preventing the development of wilderness areas. p. A6697
Rep. Avery inserted an editorial commending the Outdoor Recreation Resources study authorized by Congress. p. A6701
Rep. Ullman inserted a column on the need for an inventory of our shrinking outdoor recreational facilities. p. A6710
16. FOOD ADDITIVES. Rep. Dingell inserted an editorial opposing enactment of H. R. 9521, to eliminate the present requirement for labeling fresh produce to indicate whether post-harvest chemicals are used. p. A6707

BILLS INTRODUCED

17. ACREAGE ALLOTMENT. S. 4189, by Sen. Capehart, to amend the Agricultural Adjustment Act of 1938, as amended, to provide for additional allotments when an allotment crop has been entirely lost or destroyed because of a natural disaster; to Agriculture and Forestry Committee. Remarks of author. p. 13737
18. POSTAL RATES. S. 4191, by Sen. Monroney, to maintain existing minimum postage rates on certain publications mailed in the county of publication; to Post Office and Civil Service Committee. Remarks of author. pp. 13737-8
19. SEED. S. 4188, by Sen. Magnuson (by request), and H. R. 13545, by Rep. Pelly, to amend the Federal Seed Act so as to permit the importation screenings of rape/^{seed} and mustard seed; to S. Agriculture and Forestry Committee and H. Agriculture Committee.
20. FLOOD CONTROL. S. 4192, by Sen. Sen. Johnson, Tex., authorizing the project for modification of the plan for improvement of the Trinity River and tributaries, Tex.; to Public Works Committee. Remarks of author. p. 13880

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COMMITTEE HEARINGS ANNOUNCEMENTS:

July 28: Sale or exchange of forest land in Pima County, Ariz., S. Interior (Crafts, FS, to answer questions).
USDA supplemental appropriations, S. Appropriations.
H. Agriculture subcommittee on Cotton and Rice (exec).
Minerals stabilization payments, H. Interior.

oOo

For supplemental information or copies of legislative material referred to, call Ext. 4654 or send to Room 105-A.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 31, 1958
For actions of July 30, 1958
85th-2d, No. 129

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HIGHLIGHTS: See page 6.

HOUSE

1. AGRICULTURE COMMITTEE reported the following bills: (p. 14339)
 - S. 479, without amendment, to grant a 50-year right-of-way for a water pipeline across the Lincoln National Forest (H. Rept. 2305);
 - S. 1245, without amendment, to provide a right-of-way to the city of Alamogordo, N. Mex., across the Lincoln National Forest (H. Rept. 2306);
 - S. 3439, without amendment, to reconvey to Salt Lake City the Forest Service Fire Warehouse lot in that city (H. Rept. 2307);
 - H. R. 8481, without amendment, to extend the forestry provisions of the Agricultural Act of 1956 to Hawaii (H. Rept. 2308);
 - H. R. 11056, without amendment, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain imported citrus fruits, dried fruits, and nuts (H. Rept. 2309);
 - H. R. 13257, without amendment, to authorize the Secretary to exchange lands comprising the Pleasant Grove Administrative Site, Unita National Forest, Utah, with a Pleasant Grove, Utah, church (H. Rept. 2310).
 - H. R. 13268, without amendment, to authorize CCC to purchase flour and cornmeal for donation instead of having such products processed from its own stocks (H. Rept. 2317).

2. MEATPACKERS. Rep. McCormack announced that H. R. 9020, to transfer certain functions under the Packers and Stockyards Act from USDA to FTC, will not be considered this week, but that he "will try to program it before the end of the session." p. 14291
3. COTTON. The "Daily Digest" states the Subcommittee on Cotton of the Agriculture Committee "met in executive session on provisions relating to cotton on S. 407 re marketing programs for various agricultural commodities, and ordered reported to the full committee certain amendatory recommendations of the bill." p. D762
4. FORESTRY. The Interior and Insular Affairs Committee reported with amendment S. 1748, to add certain lands in Ida. and Wyo. to the Caribou and Targhee National Forests (H. Rept. 2320). p. 14339
5. DESERT-LAND ENTRIES. The Interior and Insular Affairs Committee reported with amendment S. 359, to permit desert land entries on disconnected tracts of land aggregating less than 320 acres and form a compact unit (H. Rept. 2324). p. 14339
6. MINERALS. The Interior and Insular Affairs Committee reported with amendment S. 4036, to provide stabilization payments to certain minerals producers (H. Rept. 2329). p. 14339
7. TRANSPORTATION. The Merchant Marine and Fisheries Committee ordered reported with amendment H. R. 8382, to provide for the licensing of independent foreign freight forwarders. p. D763
Passed with amendment H. R. 12751, to extend the provisions of the Shipping Act of 1916 relating to dual rate contract arrangements. Inserted the language of the bill as passed for that of a similar bill, S. 3916. H. R. 12751 was laid on the table. pp. 14322-25, 14333-34
8. ELECTRIFICATION. The Public Works Committee ordered reported S. 1869, to provide TVA with the authority to issue bonds to finance the construction of new generating capacity. p. D763
Rep. Christopher inserted a letter from Julius Helm of the Mo. State Rural Electrification Assoc. commending him for supporting rural electrification Federal power programs. p. 14326
8. PUBLIC DEBT. The Ways and Means Committee ordered reported H. R. 13580, to increase the public debt limit. p. D763
Rep. Patman inserted the text of his testimony before the H. Ways and Means Committee opposing an increase in the public debt limit "without safeguards against using this authority in imprudent ways which will have unnecessarily bad effects." pp. 14335-37
9. PERSONNEL. Conferees were appointed on S. 1411, to give agencies discretion in suspending or retaining on duty Federal employees prior to security hearings. Senate conferees have been appointed. p. 14290
Received from the Department of Interior a proposed bill "to permit variation of the 40-hour workweek of Federal employees for educational purposes"; to Post Office and Civil Service Committee. p. 14339
10. WHEAT PENALTIES. Rep. Hoffman inserted a newspaper editorial, "A Farmer Fights Wheat Penalties," discussing the case of a Mich. farmer "getting national attention because of his resistance to penalties imposed on him for violating commercial wheat quotas established" by this Department. p. 14314

July 30, 1958

11. APPROPRIATIONS. Received the conference report on H. R. 12948, the D. C. appropriation bill for 1959 (H. Rept. 2325). pp. 14321-22
12. SMALL BUSINESS. Conferees were appointed on S. 3651, to make equity capital and long-term credit more readily available to small business. Senate conferees have not been appointed. p. 14326
13. AREA REDEVELOPMENT. Rep. Siler urged enactment of S. 3683, to provide Federal aid to economically depressed areas. pp. 14326-27

SENATE

14. APPROPRIATIONS. Agreed to the conference report on H. R. 11574, the independent offices appropriation bill for 1959, agreed to certain House amendments, and voted, 44 to 39, to recede from an item in disagreement to include \$589 million for the Civil Service Retirement and Disability Fund. Sen. Sparkman spoke against the elimination of \$100,000 for HHFA farm housing research, and Sens. Saltonstall and Magnuson stated they would consider the matter next Jan. in the supplemental or regular independent offices appropriation bill (pp. 14246-7). This bill will now be sent to the President. pp. 14243-56
Passed, 71 to 0, with amendment H. R. 12738, the Defense Department Appropriation bill for 1959, and conferees were appointed (pp. 14258-9, 14261-87). Agreed to an amendment, applying generally to Government departments and agencies, to require reports to Congress in writing, following the close of each calendar quarter, of the amount of each budgetary reserve in effect at the end of such quarter and the purpose for which each such reserve was established. This was a modification, proposed by Sen. Hayden, of a committee amendment that had been reported on this subject (pp. 14264-5).
Passed without amendment H. J. Res. 672, to make temporary appropriations until Aug. 31, 1958, to various agencies until their regular 1959 appropriation bills are enacted. This measure will now be sent to the President. p. 14191
15. TRANSPORTATION. Both Houses agreed to the conference report on S. 3778, to strengthen the national transportation system. This bill will now be sent to the President. pp. 14205-8, 14326
16. AGRICULTURE AND FORESTRY COMMITTEE ordered reported the following bills:
Without amendment:
 - H. R. 6542, to authorize the conveyance of certain forest lands to Dayton, Wyo.;
 - H. R. 11800, to authorize the Secretary to sell a tract of land and buildings thereon under the jurisdiction of ARS to Clifton, N. J.;
 - S. 3333, to improve the insured loan program of FHA;
 - H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment;
 - H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum;
 - S. 4151, to establish uniform provisions for the transfer of acreage allotments when the landowner is displaced by an agency having the right of eminent domain;
 - S. 3858, to authorize CCC to purchase flour and cornmeal for donation instead of having such products processed from its own stocks; and
 - H. Con. Res. 295, endorsing plans of a non-government group to establish a Hall of Fame for Agriculture.

With amendment:

- S. 2142, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain citrus fruits;
- S. Res. 344, to authorize the committee to study marketing practices relating to loose and tied tobacco; and
- H. R. 12126, to extend to wild animals the same prohibition against entry into the U. S. as domestic animals from any country where rinderpest or foot-and-mouth disease exists;

An original bill to extend the Mexican farm labor program for one year.

p. D758

17. WATERSHED PROJECTS. The Agriculture and Forestry Committee approved the following watershed projects: Adobe Creek, Buena Vista Creek, and Central Sonoma, Calif.; Upper Nanticoke River, Del.; Donaldson Creek, Ky.; Mud Creek, Nebr.; Peavine Mountain, Nev.; Indian Creek, Tenn. and Miss.; and Cook Creek, Wis.
pp. D758-9
18. FORESTRY. Conferees were appointed on S. 3051, to provide for either private or Federal acquisition of that part of the Klamath Indian forest lands which must be sold. House conferees have not been appointed. pp. 14257-8
19. RESEARCH. The Government Operations Committee reported with amendments S. 4039, to authorize the head of any Government agency now making contracts for research to grant funds for the support of such research (S. Rept. 2044).
p. 14186
20. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 7710, to provide for the lump-sum payment of all accumulated and accrued annual leave of deceased employees (S. Rept. 2055). p. 14186
21. FISHERIES; EXTENSION. The Interstate and Foreign Commerce Committee reported with amendments S. 2973, to establish a fishery extension service in the Fish and Wildlife Service to carry out cooperative fishery extension work with the States (S. Rept. 2063). p. 14186
22. MINERALS. The Interior and Insular Affairs Committee reported with amendment S. 4146, to provide for incentive payments to minerals producers (S. Rept. 2057). p. 14186
23. FARM INCOME. Sen. Hruska discussed the July release of USDA "Farm Income Situation," showing the increase in farm income, and inserted 14 statements based on USDA statistics showing the upward trend in farm income and living standards. pp. 14199-200
24. ELECTRIFICATION. Sen. Neuberger criticized the alleged bias of Douglas McKay as Chairman of the International Joint Commission studying the position of the Federal government as to joint actions with Canada in developing the Columbia River Basin, asserted that his opposition to Federal power developments made him unsuitable for formulating the Federal position in this area, and inserted an editorial on the matter. pp. 14204-5
25. HUMANE SLAUGHTER. Sen. Allott stated that the humane slaughter bill, because of the discretion granted the Secretary for formulating regulations, was "one of the best, prime example of what legislation should not be."
pp. 14190-1

PURCHASE OF FLOUR AND CORNMEAL FOR DONATION

JULY 30, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H. R. 13268]

The Committee on Agriculture, to whom was referred the bill (H. R. 13268) authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of this bill is to permit the Commodity Credit Corporation, when it deems it advisable, to purchase flour and cornmeal for donation purposes, rather than entering into a contract to have flour and cornmeal milled from grain in the CCC inventory. It also authorizes CCC to sell an equivalent amount of wheat and corn to offset purchases of flour and cornmeal.

NEED FOR THE LEGISLATION

The need for the legislation is described in some detail in the executive communication from the Acting Secretary of Agriculture to the Speaker of the House of Representatives which transmitted the draft of this bill and recommended its enactment.

The Department of Agriculture estimates that there would probably be a saving in cost of carrying out the programs involved as the result of the enactment of this bill.

TRADE AND DEPARTMENTAL APPROVAL

Approval of the grain trades and other interested parties was indicated at hearings held on this bill and on an identical bill, H. R. 12555, by Mr. Quie. The committee knows of no opposition to the bill. Approval of the Department of Agriculture is indicated in the following executive communication:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 16, 1958.

Hon. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: There is attached herewith for the consideration of the Congress a draft of a bill to authorize the Commodity Credit Corporation to purchase wheat flour and cornmeal and donate the same to designated domestic and foreign outlets.

Pursuant to authority provided in section 416 of the Agricultural Act of 1949, as amended, CCC is currently making wheat flour and cornmeal processed from its stocks of wheat and corn available for donation in the United States to school-lunch programs, needy persons, charitable institutions, and to nonprofit voluntary agencies for assistance to needy persons outside the United States. The program making wheat flour and cornmeal available for donation under section 416 was initiated following passage of Public Law 540, 4th Congress (sec. 212), which authorized CCC to pay the cost of processing its commodities into a form suitable for home or institutional use.

In the last 12 months, November 1956 through October 1957, an average of approximately 85 million pounds of flour and 34 million pounds of cornmeal were processed each month. During this period, a total of 780 contracts were entered into with 72 flour mills located in 28 States and 35 cornmeal millers located in 17 States. Distribution of the products was made to domestic donation outlets in all 48 States, Alaska, Hawaii, Puerto Rico, Guam, and to nonprofit voluntary welfare agencies at east, gulf, west coast, and Great Lakes ports for export to needy persons in foreign countries.

CCC enters into contracts with commercial millers to process the CCC wheat and corn into flour and cornmeal, the miller retaining the byproducts, under a competitive-bidding procedure. CCC ships wheat and corn from storage to the contractor mills and arranges for delivery of the processed flour and cornmeal from the mills to the recipient agencies. Contracts awarded to millers by CCC are made on the basis that delivery of the flour and cornmeal to the delivery point specified by the consignee will result in the lowest possible cost to CCC.

Our experience in administering the donation program for wheat flour and cornmeal on the present basis indicates that the changes which the proposed legislation would make possible are desirable.

It is not unusual under our present program to receive 100 bids in response to a single bid solicitation. It is, in many instances, impracticable, if not impossible, to satisfactorily determine which bids will result in the lowest cost to the Government, because of the many intangible factors which must be considered in making the thousands of comparative costing evaluations which are involved. The evalua-

tion of bids cannot be limited to a comparative price analysis of the cost of milling the grain into the finished product, but must include the cost of transporting the CCC grain from the multiplicity of storage locations to the mill, the cost of transporting the milled product from the mill to destination points within all of the 48 States, the east, gulf, west coast, and Great Lakes ports in such a manner as will best utilize in-transit benefits, and the determination of the market value of the byproducts which are retained by the miller. Considerable man-hours and administrative costs are devoted to this effort.

The requirement that flour and cornmeal made available under the donation programs must be milled from CCC stocks of grain places millers located in certain areas of the United States, not contiguous to the terminal and subterminal areas where CCC generally has its grain stored, at a competitive disadvantage with other millers because of the higher freight costs involved. In their usual commercial transactions, this disadvantage tends to be equalized by the benefit of the lower market value of wheat and corn at their locations, but it is incapable of being realized under our present program, which requires that the grain to be milled must come from CCC stocks.

The proposed drafted bill, if enacted, would authorize CCC to purchase flour and cornmeal from millers on a competitive f. o. b. consignee delivery point basis. This would enable millers to obtain their stocks of wheat and corn through their usual marketing channels which should assist in stabilizing domestic prices of wheat and corn by stimulating movement of wheat and corn from the producer into usual channels of trade. It would, further, make it possible for those millers who are not now in a position to compete favorably with other millers because of location of their mill in relation to storage location of CCC wheat and corn to obtain their fair share of this business.

It is not possible to accurately assess the direct effect the proposed bill would have on CCC holdings of wheat and corn; however, we are of the opinion that quantities of wheat and corn purchased by millers in the open market to meet the flour and cornmeal requirements of the donation programs will, in large part, be offset by a compensating reduction in the quantity of those grains which CCC takes into inventory under the price-support programs. The proposed bill provides that an amount of wheat and corn equal to the amount processed to deliver the flour and cornmeal may be sold to commercial millers or others at domestic market prices. This provision will enable millers to obtain wheat or corn from CCC to meet the requirements of this program, if they so desire. The provision will be made a requirement of specific flour and cornmeal contracts in the event it is determined by CCC that certain stocks of wheat or corn in inventory should be disposed of under this program because of their age, location, condition, or general storage characteristics.

Enactment of the proposed bill would make possible a program which would place all flour and cornmeal millers on a more equal competitive basis and could be administered more equitably and effectively. The time required to carry out this program would be reduced, and savings are possible. The exact amount, however, is very difficult to determine since the program is closely associated with other similar 416 programs.

A similar draft of legislation has been submitted to the President of the Senate.

The Bureau of the Budget advises that there is no objection to the submission of this report and draft of the proposed bill attached thereto.

Sincerely yours,

E. L. PETERSON,
Acting Secretary.

OTHER PROCESSING

The committee hopes that, in addition to the objectives it seeks in this legislation, as presented in the foregoing executive communication (and in hearings on the bill), enactment of the bill will simplify and facilitate disposal of wheat and corn.

Commodity Credit Corporation inventories of wheat have not diminished since the enactment of Public Law 480 in July 1954, and inventories of corn have more than tripled, despite the operations of the past 2 years of the soil bank and Public Law 480. Forecasts indicate a bumper corn crop and a near record wheat crop for this year. Cumulative storage costs continue to mount on these and other commodities, at approximately a million dollars a day.

The committee urges the Department to reexamine its policies and procedures to ascertain whether increased exports of these abundant commodities may not be achieved. A full study of the practicability of processing wheat into bulgar wheat and corn into corn sirup or oil might disclose opportunities for additional disposal abroad, not only under title III but under other programs, with a net saving to CCC, as compared to losses from spoilage and cumulative storage costs.

CHANGES IN EXISTING LAW

While the bill reported herewith does not make any direct amendment of existing law, it does modify the Department of Agriculture's authority with respect to sections 407 and 416 of the Agricultural Act of 1949, section 210 of the Agricultural Act of 1956, and title II of the Agricultural Trade Development and Assistance Act of 1954. The relevant portions of these three acts are set out below as exhibits A, B and C.

EXHIBIT A

AGRICULTURAL ACT OF 1949, AS AMENDED

RESTRICTIONS ON SALES BY CCC

SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges.

The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities, and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State. Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities. For the purposes of this section, sales for export shall not only include sales made on condition that the identical commodities sold be exported, but shall also include sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.

* * * * *

SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State

or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

EXHIBIT B

AGRICULTURAL ACT OF 1956, AS AMENDED

DONATION TO PENAL AND CORRECTIONAL INSTITUTIONS

SEC. 210. Notwithstanding any other limitations as to the disposal of surplus commodities acquired through price-support operations the Commodity Credit Corporation is authorized on such terms and under such regulations as the Secretary of Agriculture may deem in the public interest, and upon application, to donate food commodities acquired through price-support operations to Federal penal and correctional institutions, and to State correctional institutions for minors, other than those in which food service is provided for inmates on a fee, contract, or concession basis.

EXHIBIT C

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954,
AS AMENDED

TITLE II. FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. The President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

SEC. 203. Not more than \$800,000,000 (including the Corporation's investment in such commodities) shall be expended for all such transfers, and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f. o. b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, 1958.



Union Calendar No. 972

85TH CONGRESS
2D SESSION

H. R. 13268

[Report No. 2317]

IN THE HOUSE OF REPRESENTATIVES

JULY 2, 1958

Mr. JENNINGS introduced the following bill; which was referred to the Committee on Agriculture

JULY 30, 1958

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That at any time Commodity Credit Corporation has wheat or
4 corn available for donation pursuant to clauses (3) or (4) of
5 section 416 of the Agricultural Act of 1949, as amended,
6 section 210 of the Agricultural Act of 1956, or title II of the
7 Agricultural Trade Development and Assistance Act, as
8 amended, the Corporation, in lieu of processing all or any
9 part of such wheat or corn into flour or meal, may purchase
10 flour or meal in quantities not to exceed the equivalent of

1 such wheat or corn so available on the date of purchase and
2 donate such flour and meal pursuant to clauses (3) or (4)
3 of said section 416 and to said section 210 and make such
4 flour or meal available to the President, pursuant to said
5 title II and may sell, without regard to the provisions of sec-
6 tion 407 of the Agricultural Act of 1949, as amended, a
7 quantity of wheat and corn not to exceed that which is equiv-
8 alent to the quantity of flour and meal so purchased.

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

By Mr. JENNINGS

JULY 2, 1958

Referred to the Committee on Agriculture

JULY 30, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

House

The Interior and Insular Affairs Committee ordered reported without amendment S. 4009, to increase the amount authorized to be appropriated for the Washoe reclamation project, Nev. and Calif., and with amendment S. 3448, to permit the Secretary of the Interior to authorize increases in the 160-acre limitation on the Seedskadee Reclamation project. p. D789

The Interior and Insular Affairs Committee reported without amendment H. R. 13523, to authorize the construction and maintenance by Interior of the Fryingpan-Arkansas reclamation project (H. Rept. 2427). pp. 14768-69

12. WHEAT; CORN MEAL. Passed without amendment H. R. 13268, to authorize CCC to purchase flour and corn meal for donation instead of having such products processed from its own stocks. pp. 14691-92
13. DESERT-LAND ENTRIES. Passed with amendments S. 359, to permit desert land entries on disconnected tracts of land aggregating less than 320 acres and form a compact unit. p. 14696
14. TRANSPORTATION. Passed under suspension of the rules H. R. 8382, to provide for the licensing of independent foreign freight forwarders (pp. 14747-48); and H. R. 474, to repeal Sec. 217 of the Merchant Marine Act of 1936 relating to the coordination of the forwarding and servicing of water-borne export and import foreign commerce of the U. S. (p. 14748).
15. FRUITS AND NUTS. Voted 40 to 33 to suspend the rules and pass H. R. 11056, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain imported citrus fruits, dried fruits, walnuts, and dates. At the request of Rep. McCormack further consideration of the bill was postponed until Wed., Aug. 6. pp. 14754-60
16. WATERSHEDS. Received from the Budget Bureau plans for works of improvement pertaining to the following watersheds: Furnace Brook-Middle River, Conn. and Mass.; Busseron, Ind., and Crooked Creek, Iowa; to Agriculture Committee. p. 14768
17. RADIO FREQUENCIES. The Interstate and Foreign Commerce Committee reported with amendments S. J. Res. 106, to establish a commission to investigate the utilization of the radio and television frequencies allocated to agencies and instrumentalities of the Federal Government (H. Rept. 2355). p. 14768
18. SALINE WATER. The Interior and Insular Affairs Committee ordered reported with amendment S. J. Res. 135, to provide for the construction of demonstration plants for the production, from saline waters, of water suitable for agricultural, industrial and consumptive uses. p. D789
19. MILITARY CONSTRUCTION. Conferees agreed to file a conference report on H. R. 13015, the military construction authorization bill. p. D790
20. PERSONNEL. Passed over, at the request of Rep. Ford, H. R. 1168, to restore the pay of officers or employees to the level of the grade held before downgrading in certain cases. p. 14684

SENATE

21. PRICE SUPPORTS. Sen. Proxmire criticized the cost of the present price support farm program and inserted an economic analysis of the cost of his bill, S. 2952, which concluded that it would be less expensive than the present program. pp. 14642-3

22. RESEARCH. Passed as reported S. 4039, to authorize the head of any Government agency now making contracts for research to grant funds for the support of such research. pp. 14623-4
23. PERSONNEL. Passed as reported H. R. 7710, to provide for the lump sum payment of all accumulated and accrued annual leave of deceased employees. p. 14626
24. MINERALS. At the request of Sen. Talmadge, passed over S. 4146, to provide for incentive payments for the production of certain minerals. p. 14626
The Interior and Insular Affairs Committee reported without amendment S. Res. 225, to extend until Jan. 31, 1959, the time for filing a report on the study of strategic raw materials in the Western hemisphere (S. Rept. 2175). p. 14546
25. FISHERIES; EXTENSION SERVICE. Passed as reported S. 2973, to establish a fishery extension service in the Fish and Wildlife Service to carry out co-operative fishery extension work with the States. pp. 14627-8
26. FORESTRY. Passed without amendment the following bills:
S. 3682, to authorize the Secretary to convey certain national forest land in Ariz. to the Univ. of Ariz. p. 14629
H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park, Calif. This bill will now be sent to the President. p. 14630
H. R. 6198, to authorize the transfer of not more than 10 acres of land from the Sequoia National Park to the Sequoia National Game Refuge in Sequoia National Forest, Calif. This bill will now be sent to the President. p. 14630
The Agriculture and Forestry Committee reported with amendment S. 4053, to extend the boundaries of Siskiyou National Forest (S. Rept. 2171). p. 14546
27. DEFENSE PRODUCTION. Began debate on S. 4162, to provide for the cancellation of certain uncollectible loans and operating losses under Title III of the Defense Production Act, to increase (in effect) the borrowing authority for the defense stockpile \$300 million. pp. 14631-2, 14644-50
28. MONOPOLIES. At the request of Sen. Talmadge, passed over S. 11, to amend the Robinson-Patman Act with reference to equality of opportunity. p. 14618
29. WATER RESOURCES. At the request of Sen. Talmadge, passed over S. 3185, to promote fish and wildlife conservation by requiring prior approval by the Secretary of the Interior of licenses issued under the Federal Power Act. p. 14623
30. ADMINISTRATIVE ORDERS. The Judiciary Committee reported without amendment H. R. 6788, to authorize the abbreviation of the record on the review or enforcement of orders of administrative agencies by the courts of appeals and the review or enforcement of such orders on the original papers and to make uniform the laws relating thereto (S. Rept. 2129). p. 14545
31. TOBACCO. The Agriculture and Forestry Committee reported with amendment S. Res. 334, to direct the committee to study marketing practices relative to loose and tied tobacco (S. Rept. 2163); which was then referred to the Rules and Administration Committee. p. 14546
The Agriculture and Forestry Committee reported without amendment H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum (S. Rept. 2162) p. 14546

that the normal, intelligent child can qualify for the benefits afforded.

These standards are not appropriate for certain handicapped children however, and it is with this group that H. R. 13359 is concerned. The specialized courses in vocational training for handicapped children provided by the bill would direct them into useful and gainful pursuits. Such specialized vocational aids for war orphans are entirely consistent with the existing benefit pattern, as similar specialized training is already provided for disabled war veterans under Public Law 16, 78th Congress and Public Law 894, 81st Congress. It seems only fair that the otherwise eligible war orphans should not be deprived of the benefits Congress intended for them simply because, for reasons beyond their control, they are unable to pursue courses of education beyond the secondary level. The number of handicapped persons who would be benefited by this bill is relatively small and would have little influence on the total expected training load under the War Orphans' Education Assistance Act.

AMENDING TITLE XI OF THE MERCHANT MARINE ACT, 1936

The Clerk called the bill (H. R. 13153) to amend title XI of the Merchant Marine Act, 1936, relating to Federal ship mortgage insurance, in order to include floating drydocks under the definition of the term "vessel" in such title.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1101 (c) of the Merchant Marine Act, 1936, is amended by striking out "and fishing vessels" and inserting in lieu thereof "fishing vessels, and floating drydocks."

With the following committee amendment:

Add the following two sections to the bill:
"Sec. 2. Subsection (a) of section 1104 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1274), is amended by deleting the word 'or' before clause (d) of paragraph (8) and adding the following new clause at the end of the subsection: 'or (e) with respect to floating drydocks, in the construction, reconstruction, reconditioning or repair of vessels.'"

"Sec. 3. Subsection (b) of section 1104 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1274) is amended by deleting the word 'or' before clause (d) of paragraph (2) and adding the following new clause at the end of the subsection: 'or (e) with respect to floating drydocks, in the construction, reconstruction, reconditioning or repair of vessels.'"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING COMMODITY CREDIT CORPORATION TO PURCHASE FLOUR AND CORNMEAL

The Clerk called the bill (H. R. 13268) authorizing Commodity Credit Corporation to purchase flour and cornmeal and

donating same for certain domestic and foreign purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. QUIE. Mr. Speaker, reserving the right to object, and I do not object to this bill, I would like to ask the gentleman from South Carolina, the chairman of the subcommittee a question.

This bill H. R. 13268 provides that under the surplus-disposal program, the Commodity Credit Corporation can make purchases of flour and cornmeal directly from millers allowing them to purchase their wheat and corn through the normal channels of trade. This would make bidding more competitive amongst the millers all over the country and stimulate the movement of these grains. Under the present program, Commodity Credit Corporation contracts for the milling of wheat and corn already in storage. This legislation would assist in bringing the wheat and corn directly from the market to the mills in the price support program, thereby, avoiding the Government storage costs.

The last provision provides for the sale of wheat and corn from Commodity Credit Corporation stocks, if the need arises, equivalent to that donated in the form of flour and cornmeal.

When this bill was taken up in the subcommittee, there was some concern by people in the grain trade as to how the resale of wheat and corn back to the market would be made. There is nothing in the report and I wonder if the gentleman can give us an explanation of how the resale of wheat and corn would be made back to the market.

Mr. McMILLAN. Mr. Speaker, during the hearings on the pending bill and the identical bill introduced by the gentleman from Minnesota, Congressman QUIE, the representative from the National Grain Council, Mr. Brooks, appeared before the committee and suggested the following amendment to the bill which would place a few safeguards around the administration of this proposed legislation should it become law:

Provided, however, That the Corporation shall not sell wheat or corn under the foregoing unless the Corporation has announced, when requesting offers for wheat flour or cornmeal, that specific amounts of wheat or corn not in excess of amounts equivalent to the wheat flour and cornmeal to be purchased, will be sold under regulations issued by the Corporation.

However, during the hearings I asked the representative, Mr. Palmby, of the Department of Agriculture, if he had any objections to this proposed amendment, and he advised the committee that the amendment was exactly in accord with the policy of the Department at the present time so that it would not be necessary to incorporate the amendment suggested by the National Grain Council.

We have been informed by members of the grain trade and flour and cornmeal industry that there is some question as to the intent and manner in which CCC proposes to carry out the closing provisions of the proposed legis-

lation which states that CCC "may sell without regard to the provisions of Section 407 of the Agricultural Act of 1949, as amended, a quantity of wheat and corn not to exceed that which is equivalent to the quantity of flour and cornmeal so purchased." In order that this matter may be clarified and made a matter of legislative record, the following information is submitted:

CCC would exercise the privilege of selling wheat and corn concurrently with purchases of flour and cornmeal only for inventory management purposes in such instances where, due to age, condition or location of stocks, it is considered necessary to dispose of certain holdings of such grains. In the event of such determination, CCC would announce its intentions to offer a quantity of wheat and corn for sale—not to exceed the equivalent of the quantity of flour and cornmeal to be purchased—in the public announcements under which the flour and cornmeal would periodically be purchased. The sales would be made by the field CSS Commodity Offices pursuant to their sales announcements. The sales would be made as nearly as possible in those market areas from which the flour and cornmeal are purchased.

CCC wheat and corn sales in conjunction with flour and cornmeal purchases would be kept on a limited basis and would not be made a matter of regular practice. The privilege for CCC to sell wheat and corn equivalent to the flour and cornmeal to be purchased would expire if it is not exercised within 10 days of the time the flour and cornmeal is purchased. CCC would under no circumstances pool and offer for sale at a later date quantities of wheat and corn equivalent to the accumulated quantities of two or more purchases of flour and cornmeal.

We fully endorse this proposed legislation because it would make possible a program which could be administered more equitably and effectively and because it is consistent with our desire to utilize the commercial channels of trade to the maximum extent possible and hope that early passage of this legislation may be accomplished.

Mr. QUIE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and I withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That at any time the Commodity Credit Corporation has wheat or corn available for donation pursuant to clauses (3) or (4) of section 416 of the Agricultural Act of 1949, as amended, section 210 of the Agricultural Act of 1956, or title II of the Agricultural Trade Development and Assistance Act, as amended, the Corporation, in lieu of processing all or any part of such wheat or corn into flour or meal, may purchase flour or meal in quantities not to exceed the equivalent of such wheat or corn so available on the date of purchase and donate such flour and meal pursuant to clauses (3) or (4) of said section 416 and to said section 210 and make such flour or meal available to the President, pursuant to said title II and may sell, without regard to the

provisions of section 407 of the Agricultural Act of 1949, as amended, a quantity of wheat and corn not to exceed that which is equivalent to the quantity of flour and meal so purchased.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REVISION OF TITLE 39, UNITED STATES CODE

The Clerk called the bill (H. R. 13061) to revise, codify, and enact into law, title 39 of the United States Code entitled "The Postal Service."

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. WILLIS. Mr. Speaker, on account of the size of the bill, which is simply a codification of the law, I ask unanimous consent that the bill not be printed in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADDING CERTAIN LANDS IN IDAHO AND WYOMING TO THE CARIBOU AND TARGHEE NATIONAL FORESTS

The Clerk called the bill (S. 1748) to add certain lands located in Idaho and Wyoming to the Caribou and Targhee National Forests.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc. That the exterior boundaries of the Targhee National Forest, located in Idaho and Wyoming, are hereby extended to include the following described lands:

Lot 1 of section 7; lots 1, 4, 5, 6, and 9, the east half of the northeast quarter, the northwest quarter of the northeast quarter, the northeast quarter of the northwest quarter, and the east half of the southeast quarter of section 8; all of section 15; lots 1, 2, and 3, the northeast quarter, the northwest quarter, the north half of the southwest quarter, the east half of the southeast quarter, and the northwest quarter of the southeast quarter, of section 16; lots 1, 4, and 5, of section 17; lots 1 and 2 of section 21; lots 1, 2, 5, and 6, the east half of the northeast quarter, and the northwest quarter of the northeast quarter of section 22; lots 1 and 3, the north half, the northeast quarter of the southwest quarter, and the southeast quarter of section 23; the west half of section 24; the west half of section 25; lots 1, 4, 5, and 8, the northeast quarter, and the east half of the southeast quarter of section 26; lots 1, 4, 5, and 8 of section 35; and all of section 36, all in township 1 south, range 45 east of the Boise meridian, in Bonneville County, State of Idaho; and

All of section 1; lots 1, 2, 7, 8, and 11, the southeast quarter of the northeast quarter, and the northeast quarter of the southeast quarter of section 2; lot 1 of section 11; lots 1, 3, 4, and 7, the northeast quarter, the northeast quarter of the northwest quarter, and the east half of the southeast quarter of section 12; lots 1, 4, 5, and 9, the northeast quarter, and the northeast quarter of the southeast quarter of section 13; and lot 1 of section 24, all in township 2 south, range 45

east, of the Boise meridian, in Bonneville County, State of Idaho; and

The west half of section 6; all of section 7; the west half of section 8; the west half of section 17; all of section 18; lots 1, 2, 3, and 6, the northeast quarter, the east half of the northwest quarter, the east half of the southeast quarter, and the northwest quarter of the southeast quarter of section 19; all of section 20; the southwest quarter of section 21; all of section 27; all of section 28; all of section 29; lots 1, 4, 5, and 8, and the southeast quarter of the southeast quarter of section 30; lots 1 and 4, and the northeast quarter of the northeast quarter of section 31; lots 1 and 3, the northeast quarter, the northwest quarter, the northeast quarter of the southwest quarter, and the southeast quarter of section 32; all of section 33; all of section 34; all in township 2 south, range 46 east of the Boise meridian, in Bonneville County, State of Idaho; and

All of section 3; all of section 4; lots 1, 2, 3, 6, 7, and 11, the south half of the northeast quarter, and the northeast quarter of the southeast quarter of section 5; lot 1 of section 8; all of section 9; all of section 10; all of section 15; all of section 16; and all of section 22, all in township 3 south, range 46, east of the Boise meridian, in Bonneville County, State of Idaho; and

The southwest quarter of the southwest quarter of section 17; lots 2, 3, and 4, the west half of the southwest quarter of the northeast quarter, the southeast quarter of the northwest quarter, the last half of the southwest quarter, the northwest quarter of the southeast quarter, and the south half of the southeast quarter of section 18; all of section 19; the west half of the northwest quarter and the south half, of section 20; all of section 29; all of section 30; all of section 31; and all of section 31; all in township 37 north, range 118 west of the sixth principal meridian, in Lincoln County, State of Wyoming; and

All of section 2; all of section 3; and all of section 4, all in township 36 north, range 119 west of the sixth principal meridian, in Lincoln County, State of Wyoming.

SEC. 2. All lands of the United States located within the exterior boundaries of the Targhee National Forest and all lands which have been, or are hereafter acquired by the United States in connection with the Palisades Reservoir reclamation project (other than the lands referred to in section 3) are hereby incorporated into and made parts of the Targhee National Forest: *Provided*, That any acquired lands hereby incorporated into the national forest shall be subject to the laws and regulations applicable to national forest lands acquired under the act of March 1, 1911 (36 Stat. 961), as amended.

SEC. 3. All lands of the United States within the exterior boundaries of the Caribou National Forest, Idaho, which have been, or are hereafter, acquired by the United States in connection with the Palisades Reservoir reclamation project are hereby incorporated into and made parts of the Caribou National Forest and shall be subject to the laws and regulations applicable to national forest lands acquired under the Act of March 1, 1911 (36 Stat. 961), as amended.

SEC. 4. (a) It is hereby declared that the sole purpose of this act is to subject the lands referred to in the foregoing sections of this act to all laws and regulations applicable to national forests, and nothing in this act shall be construed to authorize the United States to acquire any additional lands or any interest therein, nor to diminish or in anywise affect any valid rights in or to, or in connection with, any such lands which may be in existence on the date of enactment of this act, nor to prejudice the sale or lease by the Secretary of the Interior of lands for which application is now pending under the

act of June 1, 1938 (52 Stat. 609), as amended, or any similar authority.

(b) (1) The Secretary of Agriculture shall make available, from the lands referred to in the foregoing sections of this act, to the Bureau of Reclamation of the Department of the Interior such lands as the Secretary of the Interior finds are needed in connection with the Palisades Reservoir reclamation project.

(2) The Secretary of the Interior is authorized to enter into such agreements with the Secretary of Agriculture with respect to the relative responsibilities of the aforesaid Secretaries for the administration of, as well as accountings for and use of revenues arising from, lands made available to the Bureau of Reclamation of the Department of the Interior pursuant to paragraph (1) as the Secretary of the Interior finds to be proper in carrying out the purpose of this act.

With the following committee amendment:

Page 5, line 12, strike out after the word "Act," all of the balance of line 12, lines 13, 14, and 15.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GREETINGS TO CITIZENS OF NEVADA

The Clerk called the resolution (S. Con. Res. 52) to mark the 100th anniversary of the first significant discovery of silver in the United States at the Comstock Lode, Virginia City, State of Nevada.

There being no objection, the Clerk read the Senate concurrent resolution, as follows:

Whereas June 8, 1959, marks the 100th anniversary of the first significant discovery of silver in the United States at the Comstock Lode, Virginia City, State of Nevada; and

Whereas the prodigious production of the silver mines in the State of Nevada during the height of the Comstock Lode helped materially to save the Union; and

Whereas the continued production of such mines made it possible for the United States to resume specie payment, thereby securing the credit of the Union: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress extends greetings and felicitations to the citizens of the State of Nevada, and particularly to the Nevada Centennial Committee, upon the occasion of their commemorative celebration of the 100th anniversary of the first significant discovery of silver in the United States. The Congress joins with the people of the United States in expressing appreciation of the great contribution by the citizens of the State of Nevada in preserving the Union.

With the following committee amendments:

On page 2, line 2, strike out the balance of line 2, and all of lines 2, 4, and 5.

Amend the "Whereas" by striking out the second and third paragraphs.

The committee amendments were agreed to.

The resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

August 3, 1958

11. SMALL BUSINESS. Conferees agreed to file a conference report on S. 3651, to make equity capital and long-term credit more readily available for small-business concerns. p. D799
12. EDUCATION. Rep. Frelinghuysen inserted a statement by HEW Secretary Flemming favoring H. R. 13247, the national defense education bill, and explaining the provisions of the bill. p. 14925
13. LEGISLATIVE PROGRAM. Rep. McCormack announced that the conference report on H. R. 13015, the military construction authorization bill, will be considered Wed., Aug. 6 (p. 14925). Also scheduled for consideration the same day are S. 4071, the farm bill, H. R. 11056, to regulate the imports of certain fruits and nuts, and H. R. 13580, to increase the public debt limit.

SENATE

14. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 13192, the mutual security appropriation bill for 1959 (S. Rept. 2204) (p. 14773). The Daily Digest states that the bill provides \$3.5 billion, a \$440 million increase over the House-passed figure (p. D795).
15. SURPLUS DISPOSAL; FOREIGN TRADE. Both Houses received the President's semi-annual report on Public Law 480 operations, Jan. 1-June 30, 1958. pp. 14771, 14881 (H. Doc. 431)

The Agriculture and Forestry Committee reported without amendment S. 3858, to authorize CCC to purchase flour and cornmeal for donation instead of being limited to having such products processed from its own stocks (S. Rept. 2196). p. 14773

Sen. Humphrey discussed health problems and our foreign policy in the Middle East and urged the importance of using surplus foods to reduce human suffering. pp. 14845-8

16. LOANS. The Agriculture and Forestry Committee reported without amendment S. 3333, to improve the insured loan program of the FHA (S. Rept. 2192). p. 14773
17. FARM LABOR. The Agriculture and Forestry Committee reported an original bill/ to extend the Mexican farm labor program for 1 year (S. Rept. 2189). p. 14773 S. 4232
18. FORESTRY. Concurred in the House amendment of S. 1748, to add certain lands in Ida. and Wyo. to the Caribou and Targhee National Forests. This bill will now be sent to the President. p. 14819
Sen. Morse stated that big timbermen were attempting to prevent the use of provisions in the Small Business Act of 1958 which would help smaller lumbermen by setting aside timber for them to cut, and urged that the Small Business Administration take its own course. p. 14862
19. ROADS. Passed H. R. 12776, to revise and codify the laws relating to "Highways," with an amendment substituting the language of S. 3953 as reported by the Senate committee. S. 3953 was indefinitely postponed. pp. 14819-32
20. DESERT-LAND ENTRIES. Concurred in the House amendments to S. 359, to permit desert land entries on disconnected tracts of land aggregating less than 320 acres and forming a compact unit. This bill will now be sent to the President. p. 14818

21. RECLAMATION. Concurred in the House amendment to S. 4002, to authorize the Grey Reef Dam and Reservoir as a part of the Glendo unit of the Missouri River Basin Project. This bill will now be sent to the President. p. 14818
The Interior and Insular Affairs Committee reported with amendments S. 3648, to authorize the Interior Department to construct and operate the Navaho Indian Irrigation project and the initial stage of the San Juan-Chama project (S. Rept. 2198); and S. 1887, to authorize the Interior Department to construct the San Luis unit, Central Valley Project, Calif., and to enter into an agreement with the State to operate it (S. Rept. 2202). p. 14773
22. LANDS. The Agriculture and Forestry Committee reported without amendment H. R. 6542, to authorize the conveyance of certain forest lands to Dayton, Wyo. (S. Rept. 2194); and H. R. 11800, to authorize the sale of certain ARS lands and buildings to Clifton, N. J. (S. Rept. 2193). p. 14773
Sen. Morse discussed the formula requiring payment of at least 50% of the appraised fair market value for lands to be transferred to local agencies for public purposes, and 100% if for private purposes, which he has insisted on since 1946, in connection with a bill to dispose of certain property in Roseburg, Ore. pp. 14857-62
23. HALL OF FAME. The Agriculture and Forestry Committee reported without amendment H. Con. Res. 295, favoring the establishment of a Hall of Fame for Agriculture (S. Rept. 2190). p. 14773
24. ACREAGE ALLOTMENTS. The Agriculture and Forestry Committee reported with amendment S. 4151, to establish uniform provisions for the transfer of acreage allotments when the landowner is displaced by an agency having the right of eminent domain (S. Rept. 2195). p. 14773
25. IMPORTS. The Agriculture and Forestry Committee reported with amendments S. 2142, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on the importation of certain citrus fruits and figs, (S. Rept. 2191). p. 14773
26. PURCHASING. The Government Operations Committee reported with amendments S. 3224, to assist small business firms to obtain a fair share of Government purchases and contracts and to expedite Government procurement (S. Rept. 2201). p. 14773
27. FISHERIES. The Interstate and Foreign Commerce Committee ordered reported with an amendment in the nature of a substitute bill, S. 3229, the proposed Federal Fisheries Assistance Act of 1958. p. D796
28. FEDERAL-STATE RELATIONS. The Judiciary Committee ordered reported with amendment S. 337, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. p. D796
29. DEFENSE PRODUCTION. S. 4162, to provide for the cancellation of certain uncollectible loans and operating losses under Title III of the Defense Production Act, was made the unfinished business. p. 14817
30. ELECTRIFICATION. Sen. Humphrey inserted an article by the manager of the Colo. Rural Electric Association urging greater independence of the REA administrator from USDA control. pp. 14839-40

PURCHASE OF FLOUR AND CORNMEAL FOR DONATION

AUGUST 5, 1958.—Ordered to be printed

Mr. THYE, from the Committee on Agriculture and Forestry, submitted the following

R E P O R T

[To accompany S. 3858]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3858), authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

The bill would permit the Commodity Credit Corporation, when it deems it advisable, to purchase flour and cornmeal for donation purposes, rather than entering into a contract to have flour and cornmeal milled from grain in the CCC inventory. It also authorizes CCC to sell an equivalent amount of wheat and corn to offset purchases of flour and cornmeal, thereby simplifying and facilitating the distribution of surplus agricultural commodities. Since sales of corn or wheat under the bill could be made without regard to the minimum price restrictions of section 407 of the Agricultural Act of 1949, the Corporation would be required to exercise the utmost care to avoid any adverse effect on market prices or market relationships and would be expected to administer this authority in the manner described in the attached statement of the Deputy Administrator.

Enactment of the legislation was requested by the Department of Agriculture in the attached letter, dated July 31, 1958.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 16, 1958.

THE PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: There is attached herewith for the consideration of the Congress a draft of a bill to authorize the Commodity Credit Corporation to purchase wheat flour and cornmeal and donate the same to designated domestic and foreign outlets.

Pursuant to authority provided in section 416 of the Agricultural Act of 1949, as amended, CCC is currently making wheat flour and cornmeal processed from its stocks of wheat and corn available for donation in the United States to school-lunch programs, needy persons, charitable institutions, and to nonprofit voluntary agencies for assistance to needy persons outside the United States. The program making wheat flour and cornmeal available for donation under section 416 was initiated following passage of Public Law 540, 84th Congress (sec. 212), which authorized CCC to pay the cost of processing its commodities into a form suitable for home or institutional use.

In the last 12 months, November 1956 through October 1957, an average of approximately 85 million pounds of flour and 34 million pounds of cornmeal were processed each month. During this period a total of 780 contracts were entered into with 72 flour mills located in 28 States and 35 cornmeal millers located in 17 States. Distribution of the products was made to domestic donation outlets in all 48 States, Alaska, Hawaii, Puerto Rico, Guam, and to nonprofit voluntary welfare agencies in East, gulf, west-coast, and Great Lakes ports for export to needy persons in foreign countries.

CCC enters into contracts with commercial millers to process the CCC wheat and corn into flour and cornmeal, the miller retaining the byproducts, under a competitive-bidding procedure. CCC ships wheat and corn from storage to the contractor mills and arranges for delivery of the processed flour and cornmeal from the mills to the recipient agencies. Contracts awarded to millers by CCC are made on the basis that delivery of the flour and cornmeal to the delivery point specified by the consignee will result in the lowest possible cost to CCC.

Our experience in administering the donation program for wheat flour and cornmeal on the present basis indicates that the changes which the proposed legislation would make possible are desirable.

It is not unusual under our present program to receive 100 bids in response to a single bid solicitation. It is in many instances impracticable, if not impossible, to satisfactorily determine which bids will result in the lowest cost to the Government because of the many intangible factors which must be considered in making the thousands of comparative costing evaluations which are involved. The evaluation of bids cannot be limited to a comparative price analysis of the cost of milling the grain into the finished product, but must include the cost of transporting the CCC grain from the multiplicity of storage locations to the mill, the cost of transporting the milled product from the mill to destination points within all of the 48 States, the East, gulf, west-coast, and Great Lakes ports in such a manner as will best utilize intransit benefits, and the determination of the market value of the byproducts which are retained by the miller. Considerable man-hours and administrative costs are devoted to this effort.

The requirement that flour and cornmeal made available under the donation programs must be milled from CCC stocks of grain places millers located in certain areas of the United States, not contiguous to the terminal and subterminal areas where CCC generally has its grain stored, at a competitive disadvantage with other millers because of the higher freight costs involved. In their usual commercial transactions this disadvantage tends to be equalized by the benefit of the lower market value of wheat and corn at their locations, but

it is incapable of being realized under our present program which requires that the grain to be milled must come from CCC stocks.

The proposed drafted bill, if enacted, would authorize CCC to purchase flour and cornmeal from millers on a competitive f. o. b. consignee delivery-point basis. This would enable millers to obtain their stocks of wheat and corn through their usual marketing channels which should assist in stabilizing domestic prices of wheat and corn by stimulating movement of wheat and corn from the producer into usual channels of trade. It would further make it possible for those millers who are not now in a position to compete favorably with other millers because of location of their mill in relation to storage location of CCC wheat and corn to obtain their fair share of this business.

It is not possible to accurately assess the direct effect the proposed bill would have on CCC holdings of wheat and corn; however, we are of the opinion that quantities of wheat and corn purchased by millers in the open market to meet the flour and cornmeal requirements of the donation programs will in large part be offset by a compensating reduction in the quantity of those grains which CCC takes into inventory under the price-support programs. The proposed bill provides that an amount of wheat and corn equal to the amount processed to deliver the flour and cornmeal may be sold to commercial millers or others at domestic market prices. This provision will enable millers to obtain wheat or corn from CCC to meet the requirements of this program if they so desire. The provision will be made a requirement of specific flour and cornmeal contracts in the event it is determined by CCC that certain stocks of wheat or corn in inventory should be disposed of under this program because of their age, location, condition, or general storage characteristics.

Enactment of the proposed bill would make possible a program which would place all flour and cornmeal millers on a more equal competitive basis and could be administered more equitably and effectively. The time required to carry out this program would be reduced and savings are possible. The exact amount, however, is very difficult to determine since the program is closely associated with other similar 416 programs.

A similar draft of legislation has been submitted to the Speaker of the House of Representatives.

The Bureau of the Budget advises that there is no objection to the submission of this report and draft of the proposed bill attached thereto.

Sincerely yours,

E. L. PETERSON,
Acting Secretary.

STATEMENT BY CLARENCE D. PALMBY, DEPUTY ADMINISTRATOR, PRICE SUPPORT, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, BEFORE THE HOUSE COMMITTEE ON AGRICULTURE IN SUPPORT OF H. R. 12555 AND H. R. 13268

I want to thank the members of this committee for the opportunity to appear before you in support of H. R. 12555 and H. R. 13268. On May 16, 1958, the Department submitted for consideration of the Congress a draft of a bill to

authorize the Commodity Credit Corporation to purchase wheat flour and cornmeal milled from free market stocks of wheat and corn for donation to designated domestic and foreign outlets. Identical versions of this proposed bill were subsequently introduced as S. 3858 in the Senate and as H. R. 12555 and H. R. 13268 in the House of Representatives.

As part of its surplus-disposal program the Commodity Credit Corporation is currently offering wheat flour and cornmeal milled from CCC stocks of wheat and corn for donation in the United States to school-lunch programs, needy persons, charitable institutions, and to nonprofit voluntary agencies for assistance to needy persons outside the United States. The program making wheat flour and cornmeal available for donation was initiated following passage of Public Law 540, 84th Congress (sec. 212) which authorized CCC to pay the cost of processing its commodities into a form suitable for home or institutional use.

The proposed legislation would authorize CCC to purchase flour and cornmeal from millers on a competitive f. o. b. destination delivery-point basis. This would enable millers to obtain their grain from their usual commercial sources and would assist in stabilizing domestic prices of wheat and corn by stimulating movement of these grains into usual channels of trade. It is probable that the quantities of wheat and corn purchased by millers in the open market to meet the requirements of the donation programs will in large part be offset by a reduction in the quantity of these grains which CCC takes into inventory under the price-support programs.

The present program has resulted in disposal of an appreciable quantity of wheat and corn. During the fiscal year 1958, 11,805,000 hundredweight of flour and 4,865,000 hundredweight of cornmeal have been donated. This has required a total of 26,578,500 bushels of wheat and 14,453,000 bushels of corn, or an average monthly disposal of 2,215,000 bushels of wheat and 1,204,000 bushels of corn.

At the present time CCC through a competitive-bid procedure contracts with millers to process CCC wheat and corn into flour and cornmeal. The miller retains the byproducts and takes this into account when making this offer. CCC ships the wheat and corn to the mill, and the flour and cornmeal to the final destination. Contracts are awarded to the millers on the basis that delivery of flour and cornmeal to the final destination from the origin of the wheat and corn will result in the least possible cost to CCC.

The problem of accurately evaluating the offers to determine which offer will result in the lowest cost to CCC is very difficult because of the many uncertain factors which must be considered. These factors include determination of the cost of the CCC grain which is based on the county price-support-program rates which vary by State and by county throughout the United States. To this cost must be added the variable milling costs, the costs of transporting CCC grain from the multiplicity of storage locations to the mill,

and the cost of transporting the milled products from the mill to destinations within all 48 States, East, gulf, west coast, and lake ports in such a manner as to best utilize in-transit benefits.

Our experience in administering the donation program for wheat flour and cornmeal on the present basis indicates that the changes which the proposed legislation would make are desirable.

We have been informed by members of the grain trade and flour and cornmeal industry that there is some question as to the intent and manner in which CCC proposes to carry out the closing provisions of the proposed legislation which states that CCC "may sell without regard to the provisions of section 407 of the Agricultural Act of 1949, as amended, a quantity of wheat and corn not to exceed that which is equivalent to the quantity of flour and cornmeal so purchased." In order that this matter may be clarified and made a matter of legislative record, the following information is submitted:

CCC would exercise the privilege of selling wheat and corn concurrently with purchases of flour and cornmeal only for inventory-management purposes in such instances where, due to age, condition, or location of stocks, it is considered necessary to dispose of certain holdings of such grains. In the event of such determination, CCC would announce its intentions to offer a quantity of wheat and corn for sale (not to exceed the equivalent of the quantity of flour and cornmeal to be purchased) in the public announcements under which the flour and cornmeal would periodically be purchased. The sales would be made by the field CSS commodity offices pursuant to their sales announcements. The sales would be made as nearly as possible in those market areas from which the flour and cornmeal is purchased.

CCC wheat and corn sales in conjunction with flour and cornmeal purchases would be kept on a limited basis and would not be made a matter of regular practice. The privilege for CCC to sell wheat and corn equivalent to the flour and cornmeal to be purchased would expire if it is not exercised within 10 days of the time the flour and cornmeal is purchased. CCC would under no circumstances pool and offer for sale at a later date quantities of wheat and corn equivalent to the accumulated quantities of two or more purchases of flour and cornmeal.

We fully endorse this proposed legislation because it would make possible a program which could be administered more equitably and effectively and because it is consistent with our desire to utilize the commercial channels of trade to the maximum extent possible and hope that early passage of this legislation may be accomplished.

CHANGES IN EXISTING LAW

While the bill reported herewith does not make any direct amendment of existing law, it does modify the Department of Agriculture's

authority with respect to sections 407 and 416 of the Agricultural Act of 1949, section 210 of the Agricultural Act of 1956, and title II of the Agricultural Trade Development and Assistance Act of 1954. The relevant portions of these three acts are set out below as exhibits A, B, and C.

EXHIBIT A

AGRICULTURAL ACT OF 1949, AS AMENDED

RESTRICTIONS ON SALES BY CCC

SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities, and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State. Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed

the then current support price for such commodities. For the purposes of this section, sales for export shall not only include sales made on condition that the identical commodities sold be exported, but shall also include sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.

* * * * *

SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier, at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commodity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

EXHIBIT B

AGRICULTURAL ACT OF 1956, AS AMENDED

DONATION TO PENAL AND CORRECTIONAL INSTITUTIONS

SEC. 210. Notwithstanding any other limitations as to the disposal of surplus commodities acquired through price-support operations the Commodity Credit Corporation is authorized on such terms and under such regulations as the Secretary of Agriculture may deem in the public interest, and upon application, to donate food commodities acquired through price-support operations to Federal penal and correctional institutions, and to State correctional institutions for minors, other than those in which food service is provided for inmates on a fee, contract, or concession basis.

EXHIBIT C

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954,
AS AMENDED

TITLE II. FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. The President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

SEC. 203. Not more than \$800,000,000 (including the Corporation's investment in such commodities) shall be expended for all such transfers, and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f. o. b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs auth-

orized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, 1958.



Calendar No. 2246

85TH CONGRESS
2D SESSION

S. 3858

[Report No. 2196]

IN THE SENATE OF THE UNITED STATES

MAY 19, 1958

Mr. THYE introduced the following bill; which was read twice and referred
to the Committee on Agriculture and Forestry

AUGUST 5, 1958

Reported by Mr. THYE, without amendment

A BILL

Authorizing Commodity Credit Corporation to purchase flour
and cornmeal and donating same for certain domestic and
foreign purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That at any time Commodity Credit Corporation has wheat
4 or corn available or donation pursuant to clauses (3) or
5 (4) of section 416 of the Agricultural Act of 1949, as
6 amended, section 210 of the Agricultural Act of 1956, or
7 title II of the Agricultural Trade Development and Assist-
8 ance Act, as amended, the Corporation, in lieu of processing
9 all or any part of such wheat or corn into flour or meal,
10 may purchase flour or meal in quantities not to exceed the

1 equivalent of such wheat or corn so available on the date
2 of purchase and donate such flour and meal pursuant to
3 clauses (3) or (4) of said section 416 and to said section
4 210 and make such flour or meal available to the President
5 pursuant to said title II and may sell, without regard to the
6 provisions of section 407 of the Agricultural Act of 1949,
7 as amended, a quantity of wheat and corn not to exceed
8 that which is equivalent to the quantity of flour and meal
9 so purchased.

85TH CONGRESS
2d Session

S. 3858

[Report No. 2196]

A BILL

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

By Mr. THYE

MAY 19, 1958

Read twice and referred to the Committee on Agriculture and Forestry

AUGUST 5, 1958

Reported without amendment

Calendar No. 2254

85TH CONGRESS
2D SESSION

H. R. 13268

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1958

Received; read twice and ordered to be placed on the calendar

AN ACT

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That at any time Commodity Credit Corporation has wheat or
4 corn available for donation pursuant to clauses (3) or (4) of
5 section 416 of the Agricultural Act of 1949, as amended,
6 section 210 of the Agricultural Act of 1956, or title II of the
7 Agricultural Trade Development and Assistance Act, as
8 amended, the Corporation, in lieu of processing all or any
9 part of such wheat or corn into flour or meal, may purchase
10 flour or meal in quantities not to exceed the equivalent of

1 such wheat or corn so available on the date of purchase and
2 donate such flour and meal pursuant to clauses (3) or (4)
3 of said section 416 and to said section 210 and make such
4 flour or meal available to the President, pursuant to said
5 title II and may sell, without regard to the provisions of
6 section 407 of the Agricultural Act of 1949, as amended,
7 a quantity of wheat and corn not to exceed that which is
8 equivalent to the quantity of flour and meal so purchased.

Passed the House of Representatives August 4, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 2254

85TH CONGRESS
2D Session

H. R. 13268

AN ACT

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

AUGUST 5, 1958

Received; read twice and ordered to be placed on the calendar

Aug. 7, 1958

14. REP. HILL. Several Representatives paid tribute to the service of Rep. Hill, ranking minority member of the Agriculture Committee, who is retiring from Congress after this session. pp. 15223-25
15. LEGISLATIVE PROGRAM. At the request of Rep. McCormack unanimous consent was granted for consideration of bills under suspension of the rules Mon., Aug. 11. Rep. McCormack announced that "as far as the House is concerned, we could clean up our business pretty much in the next 10 days, the next week, probably, but the next 10 days, anyway." He also announced that the private calendar will be called Wed., Aug. 13. p. 15169

SENATE

16. FARM PROGRAM. Sen. Stennis stated that defeat of the farm bill in the House might have an adverse effect on cotton, and urged that those concerned meet with Secretary Benson in an effort to reach some agreement. Sen. Aiken agreed and said he would favor calling Congress back into special session on the cotton problem if legislation were not agreed to before adjournment. pp. 15137-8
- Sens. Proxmire and Humphrey criticized Secretary Benson for the present farm program and asserted that it was hurting the farmer while "wasting the taxpayers' money" due to alleged inefficiencies in operating the program. pp. 15143-5
- Sen. Proxmire analyzed the bills he has introduced in this session and asserted that, if enacted, they would result in \$700 million net savings, including \$1 billion from adoption of S. 2952, his general farm bill. pp. 15139-43
17. ONION FUTURES. Agreed to the conference report on H. R. 376, to prohibit trading in onion futures. The report reduces the maximum penalty for violation from \$10,000 fine plus imprisonment to \$5,000, and retains onions under the jurisdiction of CEA. p. 15133
18. FARMER COMMITTEES. Began debate on S. 1436, to amend the Soil Conservation and Domestic Allotment Act to revise the procedures governing the election of farmer committeemen and the administration of the farm program by the committees. Sens. Proxmire and Humphrey urged enactment of the bill in order to strengthen local controls over farm programs. pp. 15161, 15164-6
19. SEED WHEAT. Passed without amendment H. R. 11581, to remove wheat for seeding purposes which has been treated with poisonous substances from the unfit for human consumption category of Sec. 22 of the Agricultural Adjustment Act of 1933. S. 666, a similar bill, was indefinitely postponed. This bill will now be sent to the President. pp. 15133, 15153
20. SURPLUS COMMODITIES; FOREIGN TRADE. Passed without amendment H. R. 13268, to authorize CCC to purchase flour and cornmeal for donation instead of being limited to having such products processed from its own stocks. S. 3858, a similar bill, was indefinitely postponed. The House report was printed in the Record (pp. 15153-5). This bill will now be sent to the President. p. 15155
21. WOOL. Sens. Mansfield and Neuberger urged extension of the National Wool Act. pp. 15163-4
22. MINERALS. Agreed to the House amendment to S. 3817, to encourage exploration for minerals in the U. S. This bill will now be sent to the President. p. 15139

Agreed to the conference report on S. 2069, to amend the Mineral Leasing Act to promote the development of coal on the public domain. This bill will now be sent to the President. p. 15164

23. APPROPRIATIONS. Agreed to the conference report on H. R. 13015, the military construction appropriation bill for 1959. This bill will now be sent to the President. pp. 15148-53
24. DESERT-LAND ENTRIES; RECLAMATION. Adopted S. Con. Res. 112 and S. Con. Res. 113, to request the President to return enrolled bills S. 359, to permit desert land entries on disconnected tracts of land up to 320 acres, and S. 4002, to authorize the Grey Reef dam and reservoir as part of the Glendo unit, Missouri River Basin project, to be reenrolled with certain language changes. p. 15130
25. MARGARINE. The Armed Services Committee ordered reported with amendment H. R. 912, to amend the Navy ration statute to permit the serving of oleo-margarine and margarine. pp. D810-11
26. PERSONNEL. The Post Office and Civil Service Committee ordered reported without amendment H. R. 1168, to restore the pay of officers or employees to the level of the grade held before downgrading in certain cases. p. D811
27. FORESTRY. Sen. Clark called attention to forestry expansion in Pa., and inserted two articles on the development of the paper industry there. pp. 15135-6
28. SMALL BUSINESS. Agreed to the conference report on S. 3651, the Small Business Investment Administration bill. This bill will now be sent to the President. pp. 15159-61
Sens. Thye, Sparkman, Mundt, and Bridges discussed passage of the small business tax revision bill, and Sens. Mundt and Bridges commended the efforts of Sen. Thye for small business. pp. 15156-9
29. ECONOMIC SITUATION. Sen. Martin, Pa., asserted that inflation can only be solved by a mechanism to tie wage increases to productivity gains and stated that the addition of price stability as a goal to the Employment Act of 1946 would be of little value in securing confidence in the Government. pp. 15161-2
30. LEGISLATIVE PROGRAM. Sen. Mansfield announced the addition of S. 4146, to provide incentive payments to producers of strategic minerals, and S. 4162, to amend the Defense Production Act to increase the amount of the loan fund, to the list of bills for consideration on Fri., Aug. 8. He stated there would be no session on Sat., Aug. 9. A call of the Calendar was ordered for Mon., Aug. 11. pp. 15156, 15166

ITEMS IN APPENDIX

31. TVA. Extension of remarks of Rep. Dooley opposing S. 1869, which would authorize TVA to issue and sell bonds to assist in financing power programs. pp. A7102-3
Extension of remarks of Rep. Byrne opposing this bill, favoring the omnibus rivers and harbors bill and the St. Lawrence seaway. pp. A7104-5
32. FAIR TRADE. Rep. Alger inserted "pertinent" remarks on the proposed fair trade bill made by Robert A. Bicks of the Justice Department's Antitrust Division. pp. A7118-9

Mr. STENNIS. I yield.

Mr. CASE of South Dakota. I am moved to make a brief additional comment with respect to the acquisition of Wherry projects, because of some of the things which have been said. I desire the RECORD to be clear that the members of the committee—all the members, including myself—want the negotiations for Wherry projects to be carried on fairly and expeditiously. We want the same principles to be applied whether the acquisition is in the name of the Secretary of the Navy, the Secretary of the Army, or the Secretary of the Air Force.

At the same time, Mr. President, I would not want a record to be written which I thought might be interpreted by anybody as requiring a consideration of the replacement costs of these projects, regardless of the factors involved. It certainly is true that the so-called Wherry housing projects represent a special situation. It is true that the normal elements of determining values in a condemnation proceeding may not be wholly applicable. It is true that the Government is the major client, and perhaps the only possible client for the use of the housing.

But, Mr. President, when these projects were provided for, it was recognized that a rather unusual situation existed, and the sponsors of the Wherry projects received consideration which is not normally given to builders. First, the sponsors of the Wherry projects received insured loans, and on a very liberal basis. In fact, memories are short in this country if we do not remember that some of those insured loans were later discovered to have exceeded the actual amount of the cost of the construction of the projects. Memories are short indeed if we do not remember that in some instances the insured loans exceeded by a very great deal the amount of money expended on the projects. Time was when we heard reports about the windfalls which were being realized by some of the sponsors of the Wherry projects, when they built the projects in the name of one corporation, which acquired the loan and promptly disposed of the project to a secondary corporation for securities, which would protect the loan so far as the earning requirements of the project were concerned, but which made it possible for a pretty substantial "melon" to be cut by the receivers of the proceeds of the loan.

A second thing I think we ought to remember is that the Wherry projects received practically a guaranty of rental clients. Very few builders of housing projects had customers provided for them in the same way the builders of these housing projects adjacent to military installations did.

Since the projects received the benefits of the insured loans and received the benefits of the rental clients, in the military personnel who were provided to rent the projects, I think these projects should not come under a yardstick of replacement cost, by which the cost to the Government should be measured if the Government is to acquire the projects. In many instances the replace-

ment cost today at a military installation would be a cost abnormally high because of the presence of the military installation.

Must the Government provide the money to build the housing project, provide the rental clients, then build up the military installation in the community until there is an abnormally high wage cost and construction cost in the area, and then, when the Government is to acquire the project, pay for the inflated costs which are the results of the Government's own activity or its beneficence? I am one Senator who thinks that the Government should not be required to make its repayment on any such basis.

I am wholly in agreement with the Senator from Alabama, the Senator from Tennessee, and the Senator from Mississippi in saying we want the owners of Wherry housing projects to be treated fairly and we want the properties to be acquired expeditiously, but we think the fairness rule should work both ways. The settlement should be fair to the Government as well as fair to the sponsor or owner of the project.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

POISONED SEED WHEAT

The Senate resumed the consideration of the bill (S. 666) to remove wheat for seeding purposes which has been treated with poisonous substances from the unfit for human consumption category for the purposes of section 22 of the Agricultural Adjustment Act of 1933.

Mr. YOUNG. Mr. President, do I correctly understand that the pending business before the Senate is S. 666?

The PRESIDING OFFICER. The pending business is S. 666.

Mr. YOUNG. Mr. President, there is a bill on the calendar, that was passed by the House, which is almost identical to the Senate bill, with technical changes.

Mr. President, I ask unanimous consent that Senate bill 666 be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 2250, H. R. 11581.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11581) to remove wheat for seeding purposes which has been treated with poisonous substances from the unit for human consumption category for the purposes of section 22 of the Agricultural Adjustment Act of 1933, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

There being no objection, the Senate proceeded to consider the bill.

Mr. YOUNG. Mr. President, the bill is nearly identical to S. 666, Calendar No. 1431, except that there has been incorporated in the committee amendment to S. 666 an additional technical amendment suggested by the Department of Agriculture.

The bill provides that wheat for seed purposes which has been treated with poisonous substances or otherwise made unfit for human consumption shall be classified as "wheat" rather than "wheat, unfit for human consumption" for the purpose of import quotas and duties.

Mr. President, so far we have had three classifications of wheat imports. This bill would not touch any one of those 3 classifications, which include a quota limitation of 800,000 bushels, which has been in effect since 1941.

There is another classification of wheat, consisting of the poorer grades of imported wheat deemed to be unfit for human consumption, and used largely for feed purposes. These imports last year were about 6 million bushels, and they have reached as much as 30 million bushels. This bill does not touch that classification.

There is still another classification of wheat under the Federal Seed Act. This bill does not change that classification.

Recently there has been discovered a loophole in our import laws whereby a foreign country can treat wheat with poisonous substances for the prevention of smut and other diseases, and then label it "unfit for human consumption." By doing this, they are able to get by our import duties. They pay only a 5-percent ad valorem duty on that classification of wheat. Otherwise, they would have to pay 21 cents a bushel.

There are only about 2 million bushels or less coming into the United States under this classification. That is a small amount, when we consider that we shall probably have a surplus of 2 billion bushels, and the Canadian surplus will probably be 1 billion bushels.

The main purpose of the bill is to protect the seed industry of the United States.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

Mr. YOUNG. Mr. President, I ask unanimous consent that Senate bill 666 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 666 is indefinitely postponed.

Mr. YOUNG. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks, excerpts from the report of the House Committee on Agriculture, which I believe gives an excellent explanation of the bill.

There being no objection, the excerpts from the House report (No. 2317) were ordered to be printed in the RECORD, as follows:

PURCHASE OF FLOUR AND CORNMEAL FOR DONATION PURPOSE

The purpose of this bill is to permit the Commodity Credit Corporation, when it deems it advisable, to purchase flour and cornmeal for donation purposes, rather than entering into a contract to have flour and cornmeal milled from grain in the CCC inventory. It also authorizes CCC to sell an

equivalent amount of wheat and corn to offset purchases of flour and cornmeal.

NEED FOR THE LEGISLATION

The need for the legislation is described in some detail in the executive communication from the Acting Secretary of Agriculture to the Speaker of the House of Representatives which transmitted the draft of this bill and recommended its enactment.

The Department of Agriculture estimates that there would probably be a saving in cost of carrying out the programs involved as the result of the enactment of this bill.

TRADE AND DEPARTMENTAL APPROVAL

Approval of the grain trades and other interested parties was indicated at hearings held on this bill and on an identical bill, H. R. 12555, by Mr. Quie. The committee knows of no opposition to the bill. Approval of the Department of Agriculture is indicated in the following executive communication:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 16, 1958.

HON. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: There is attached herewith for the consideration of the Congress a draft of a bill to authorize the Commodity Credit Corporation to purchase wheat flour and cornmeal and donate the same to designated domestic and foreign outlets.

Pursuant to authority provided in section 416 of the Agricultural Act of 1949, as amended, CCC is currently making wheat flour and cornmeal processed from its stocks of wheat and corn available for donation in the United States to school-lunch programs, needy persons, charitable institutions, and to nonprofit voluntary agencies for assistance to needy persons outside the United States. The program making wheat flour and cornmeal available for donation under section 416 was initiated following passage of Public Law 540, 4th Congress (sec. 212), which authorized CCC to pay the cost of processing its commodities into a form suitable for home or institutional use.

In the last 12 months, November 1956 through October 1957, an average of approximately 85 million pounds of flour and 34 million pounds of cornmeal were processed each month. During this period, a total of 780 contracts were entered into with 72 flour mills located in 28 States and 35 cornmeal millers located in 17 States. Distribution of the products was made to domestic donation outlets in all 48 States, Alaska, Hawaii, Puerto Rico, Guam, and to nonprofit voluntary welfare agencies at east, gulf, west coast, and Great Lakes ports for export to needy persons in foreign countries.

CCC enters into foreign contracts with commercial millers to process the CCC wheat and corn into flour and cornmeal, the miller retaining the byproducts, under a competitive-bidding procedure. CCC ships wheat and corn from storage to the contractor mills and arranges for delivery of the processed flour and cornmeal from the mills to the recipient agencies. Contracts awarded to millers by CCC are made on the basis that delivery of the flour and cornmeal to the delivery point specified by the consignee will result in the lowest possible cost to CCC.

Our experience in administering the donation program for wheat flour and cornmeal on the present basis indicates that the changes which the proposed legislation would make possible are desirable.

It is not unusual under our present program to receive 100 bids in response to a single bid solicitation. It is, in many instances, impracticable, if not impossible, to satisfactorily determine which bids will result in the lowest cost to the Government, because of the many intangible factors which must be considered in making the thousands of comparative costing evaluations which are involved. The evaluation of bids cannot be limited to a comparative price analysis of the cost of milling the grain into the finished

product, but must include the cost of transporting the CCC grain from the multiplicity of storage locations to the mill, the cost of transporting the milled product from the mill to destination points within all of the 48 States, the east, gulf, west coast, and Great Lakes ports in such a manner as will best utilize in-transit benefits, and the determination of the market value of the byproducts which are retained by the miller. Considerable man-hours and administrative costs are devoted to this effort.

The requirement that flour and cornmeal made available under the donation programs must be milled from CCC stocks of grain places millers located in certain areas of the United States, not contiguous to the terminal and subterminal areas where CCC generally has its grain stored, at a competitive disadvantage with other millers because of the higher freight costs involved. In their usual commercial transactions, this disadvantage tends to be equalized by the benefit of the lower market value of wheat and corn at their locations, but it is incapable of being realized under our present program, which requires that the grain to be milled must come from CCC stocks.

The proposed drafted bill, if enacted, would authorize CCC to purchase flour and cornmeal from millers on a competitive f. o. b. consignee delivery point basis. This would enable millers to obtain their stocks of wheat and corn through their usual marketing channels, which should assist in stabilizing domestic prices of wheat and corn by stimulating movement of wheat and corn from the producer into usual channels of trade. It would, further, make it possible for those millers who are not now in a position to compete favorably with other millers because of location of their mill in relation to storage location of CCC wheat and corn to obtain their fair share of this business.

It is not possible to accurately assess the direct effect the proposed bill would have on CCC holdings of wheat and corn; however, we are of the opinion that quantities of wheat and corn purchased by millers in the open market to meet the flour and cornmeal requirements of the donation programs will, in large part, be offset by a compensating reduction in the quantity of those grains which CCC takes into inventory under the price-support programs. The proposed bill provides that an amount of wheat and corn equal to the amount processed to deliver the flour and cornmeal may be sold to commercial millers or others at domestic market prices. This provision will enable millers to obtain wheat or corn from CCC to meet the requirements of this program, if they so desire. The provisions will be made a requirement of specific flour and cornmeal contracts in the event it is determined by CCC that certain stocks of wheat or corn in inventory should be disposed of under this program because of their age, location, condition, or general storage characteristics.

Enactment of the proposed bill would make possible a program which would place all flour and cornmeal millers on a more equal competitive basis and could be administered more equitably and effectively. The time required to carry out this program would be reduced, and savings are possible. The exact amount, however, is very difficult to determine since the program is closely associated with other similar 416 programs.

A similar draft of legislation has been submitted to the President of the Senate.

The Bureau of the Budget advises that there is no objection to the submission of this report and draft of the proposed bill attached thereto.

Sincerely yours,

E. L. PETERSON, Acting Secretary.

OTHER PROCESSING

The committee hopes that, in addition to the objectives it seeks in this legislation, as presented in the foregoing executive communication (and in hearings on the bill),

enactment of the bill will simplify and facilitate disposal of wheat and corn.

Commodity Credit Corporation inventories of wheat have not diminished since the enactment of Public Law 480 in July 1954, and inventories of corn have more than tripled, despite the operations of the past 2 years of the soil bank and Public Law 480. Forecasts indicate a bumper corn crop and a near record wheat crop for this year. Cumulative storage costs continue to mount on these and other commodities, at approximately \$1 million a day.

The committee urges the Department to reexamine its policies and procedures to ascertain whether increased exports of these abundant commodities may not be achieved. A full study of the practicability of processing wheat into bulgar wheat and corn into corn sirup or oil might disclose opportunities for additional disposal abroad, not only under title III but under other programs, with a net saving to CCC, as compared to losses from spoilage and cumulative storage costs.

CHANGES IN EXISTING LAW

While the bill reported herewith does not make any direct amendment of existing law, it does modify the Department of Agriculture's authority with respect to sections 407 and 416 of the Agricultural Act of 1949, section 210 of the Agricultural Act of 1956, and title II of the Agricultural Trade Development and Assistance Act of 1954. The relevant portions of these three acts are set out below as exhibits A, B, and C.

EXHIBIT A

AGRICULTURAL ACT OF 1949, AS AMENDED

RESTRICTIONS ON SALES BY CCC

SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 percent above the current support price for such commodity, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities, and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, 81st Congress, as amended (42 U. S. C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making

such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State. Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities. For the purposes of this section, sales for export shall not only include sales made on condition that the identical commodities sold be exported, but shall also include sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.

SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest, (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities, to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above, the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. In addition, in the case of food commodities disposed of under this section, the Commod-

ity Credit Corporation may pay the cost of processing such commodities into a form suitable for home or institutional use, such processing to be accomplished through private trade facilities to the greatest extent possible. For the purpose of this section, the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.

EXHIBIT B

AGRICULTURAL ACT OF 1956, AS AMENDED DONATION TO PENAL AND CORRECTIONAL INSTITUTIONS

SEC. 210. Notwithstanding any other limitations as to the disposal of surplus commodities acquired through price-support operations the Commodity Credit Corporation is authorized on such terms and under such regulations as the Secretary of Agriculture may deem in the public interest, and upon application, to donate food commodities acquired through price-support operations to Federal penal and correctional institutions, and to State correctional institutions for minors, other than those in which food service is provided for inmates on a fee, contract, or concession basis.

EXHIBIT C

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

TITLE II. FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. The President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

SEC. 203. Not more than \$800 million (including the Corporation's investment in such commodities) shall be expended for all such transfers, and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f. o. b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, 1958.

AUTHORIZATION TO COMMODITY CREDIT CORPORATION TO PURCHASE FLOUR AND CORNMEAL FOR DONATION

Mr. THYE. Mr. President, there is on the calendar a bill referring to the milling of flour and cornmeal. I refer to Calendar No. 2246, Senate bill 3858. There is also on the calendar, Order No. 2254, House bill 13268.

This House bill is identical with my bill, S. 3858, Calendar No. 2246. It would simplify flour and cornmeal donation programs by permitting the purchase of cornmeal and flour for such purposes by Commodity Credit Corporation. At present the Corporation is required to let contracts for the processing of wheat and corn owned by it, which presents many complex administrative problems.

Use of flour and meal produced from grain owned by others should reduce the quantities acquired by the Corporation under the price-support program, and therefore have the same effect on the Corporation's inventories as the processing and donation of its own stocks would have. The Corporation would be authorized to sell at market prices a quantity of wheat and corn equal to that used in producing the flour and meal. This authority would be used in the manner described in the statement of Mr. Palmby set out in the committee report so as not to adversely affect market prices. This authority was also referred to when H. R. 13268 was considered and passed in the House of Representatives on August 4 in a colloquy between Representatives QUIE and McMILLAN.

There is no objection to the bill. The Department of Agriculture has approved it, and I know that the milling industry, as well as the Department of Agriculture, would find it beneficial as related to the administrative function.

I ask unanimous consent for the present consideration of Calendar No. 2254, House bill 13268, which I hope can be passed.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 13268) authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER (Mr. JAVITS in the chair). Without objection, Senate bill 2858 is indefinitely postponed.

Mr. THYE. Mr. President, this action will obviate the necessity for a conference, and therefore the bill can be presented immediately for Presidential action.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the

Senate concludes its business today, it stand adjourned until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CALL OF THE CALENDAR ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on Monday next, August 11, there be a call of the calendar for the consideration of measures to which there is no objection, beginning with Calendar No. 2142.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, I announce that tomorrow, in addition to other proposed legislation previously announced, action upon which may not have been completed, it is planned to have the Senate consider Calendar No. 2104, Senate bill 4146, a bill providing for payments as incentives for the production of certain strategic and critical minerals, and for other purposes; and Calendar No. 2139, Senate bill 4162, a bill to further amend the Defense Production Act of 1950, as amended.

SMALL BUSINESS TAX RELIEF

Mr. THYE. Mr. President, I was pleased with yesterday's action of the Senate Finance Committee. The committee reported a vitally needed small-business tax bill, H. R. 13382, the Small Business Tax Revision Act of 1958. It is estimated that this legislation will reduce Federal revenues some \$260 million in the first year after passage. The whole of this reduction will be in the form of deferral rather than absolute loss of revenue to the Treasury.

I am pleased with this action because among its six provisions it includes several which will be of real assistance to small business. The most constructive sections were taken from S. 3194, the Small Business Tax Adjustment Act of 1958, which was developed by the Senate Small Business Committee under the very capable leadership of the Senator from Alabama, after a year's study. This bill is sponsored by 50 Members of the Senate, 25 from each side of the aisle. S. 3194 was written only after the Small Business Committee went directly to the grassroots to determine actual needs.

Almost 500 witnesses, including representative businessmen from all lines of small business and their legal, accounting, financial, and other professional advisers, in 14 cities in all parts of the country appeared before the committee. This was truly a small-business tax bill, written for small business by small business.

Four provisions of H. R. 13382 were taken from S. 3194, although several in a modified form. They include: Section 4, providing a special depreciation deduction for small business; section 5, increasing minimum accumulated earnings credits; section 6, providing for installment payments of estate taxes on small-business estates; and, section 7,

extending many of the benefits of the 1954 code depreciation benefits to purchasers of secondhand equipment.

The heart of S. 3194 was its section 2 which provided a reinvestment deduction designed to foster growth and development of small business. This section was modified and cut down in section 4 of H. R. 13382 as reported so as to be hardly recognizable and not nearly as effective. It is my understanding that this section could be revitalized for a cost of an additional tax deferral of \$200 million.

Two hundred million dollars is a great deal of money. At the outset I want to recognize this fact openly. It is especially large at this time when the revenue needs of the Federal Government are so great. It is understandable why the Finance Committee should be extra-cautious concerning revenue-losing proposals. It has been made clear that the country cannot afford an additional \$200 million of tax deferral for small business at this time.

It is disturbing for me to report to this body that at the same time that \$200 million is too much tax deferral for small business, we have reported to us a measure which will extend a windfall benefit of \$1.4 billion to the liquor industry. I want to point out that the liquor industry is made up of relatively few businesses and dominated by only a couple of concerns. And yet, when \$200 million is too large a deferral for the benefit of small business, it seems strange that we can be asked to vote a \$1,400 million deferral for the benefit of a couple of large liquor companies.

I wish to refer the Senate to H. R. 7125, the Excise Tax Technical Changes Act, section 5006, as reported by the Finance Committee on July 31, 1953. This section was contained in the bill as it passed the House. It would permit an extension of the deadline for payment of the \$10.50-a-gallon excise tax on bonded whisky held in federally inspected warehouses. Under present law, bonded whiskies may be held in inspected warehouses up to 8 years without paying the excise. The proposed section would permit the companies instead to be able to hold such stocks in warehouses tax free for up to 20 years. To compound the seeming illogic, the bill would extend this benefit retroactively.

The history and purpose of the provision are very interesting. A recent article in Business Week for August 2 detailed this background. For the information of the Senate, I ask unanimous consent that this article may be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SCHENLEY RECOUPS ITS BAD BET

Senate's Finance Committee approves the "whisky amendment" extending by 12 extra years excise tax deadline on whisky stocks built up during Korean war.

With a 9-to-2 "aye" vote the Senate Finance Committee last week tacked the "whisky amendment" to the Government's excise tax laws and settled—apparently once and for all—a furious feud that has split the domestic whisky distilling industry for more than 5 years.

The New York Stock Exchange's reaction was pointed: Schenley Industries, Inc.'s

stock bounded up 4¼ points while stocks of other distillers gained no more than half that.

LONGER DEADLINE

The change that the committee approved permits a United States distiller of bonded whisky to let his stocks age in the warehouse for up to 20 years before paying the \$10.50-a-gallon excise tax on them. At present, the law says distillers must pay the tax on whisky in bond after 8 years—regardless of whether they sell the whisky or even take it out of the warehouse. As well as extending the deadline, the Senate committee recommended making the change retroactive.

The House last year approved this amendment and it is expected the Senate will agree quickly to it. But the Finance Committee wasn't enthusiastic about having to decide the issue. Said Senator ROBERT S. KERR (Democrat, of Oklahoma)—himself a teetotaler—"You can't fit a halo around anyone's head in this case."

SPECTER FOR SCHENLEY

Halo or no, the committee's approval is a long-sought victory for Schenley. It has a heavy stake in domestic production of bonded whisky (that is, bourbon or rye that's aged for at least 4 years in a Government-inspected warehouse).

Its interest in extending the 8-year tax deadline is even greater. When the Korean war started, it stepped up production sharply in anticipation—falsely, as it turned out—that Government materials allocation controls would be set up. Other domestic whisky distillers did the same but Schenley, because of its size and its interest in the bonded whisky market, built up heavier stocks than most others.

Thus this year it had a large—though undisclosed—share of the total 33 million gallons of bonded whisky pressing up against the tax deadline, and an equally large stake in the 93 million gallons due to reach the deadline next year.

Without a change in the law, distillers would have to meet a tax bill of \$1,400,000,000 on this whisky in this and the next fiscal year.

GAMBLING

It was a dramatic switch that put Schenley in the position of having to pay a sizable part of this bill. Its president, Lewis S. Rosenstiel, had made a similar bet on wartime controls a decade earlier and had won.

In 1938 when whisky sales were near their lowest, he built up heavy stocks, acquired new distilleries. His bet paid off: Schenley's sales and net income increased sevenfold from 1940 to 1946 while its competitors' gained between 3 and 4 times.

His bet in 1950 and 1951 on a similar gamble fell through. So did his competitors'—but their stocks were not heavily in bonded whisky, the type affected by the excise tax deadline.

DISTILLERS' BATTLE

Two of the other big four domestic distillers—Joseph E. Seagram & Sons, Inc., and Hiram Walker & Sons, Inc.—have fought the whisky amendment as vigorously as Schenley has pushed it. National Distillers & Chemical Corp. backed Seagrams and Walker.

Seagrams specializes in blended whiskies, cares less about the bonded type. Walker is a major distiller of Canadian whiskies sold in the United States. For 5 years they have argued before both House of Congress, and before the Tariff Commission that the amendment is a private bill for the relief of Schenley, giving it an unfair advantage: It could leave its huge stocks of bonded whiskies in the warehouses and market them later as 10-, 15-, or 20-year-old whiskies—products that its competitors couldn't match.

Schenley's counterattack charged that Seagrams and Walker, as wholly owned subsidiaries of Canadian companies, have an

Public Law 85-683
85th Congress, H. R. 13268
August 19, 1958

AN ACT

72 Stat. 635.

Authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That at any time Commodity Credit Corporation has wheat or corn available for donation pursuant to clauses (3) or (4) of section 416 of the Agricultural Act of 1949, as amended, section 210 of the Agricultural Act of 1956, or title II of the Agricultural Trade Development and Assistance Act, as amended, the Corporation, in lieu of processing all or any part of such wheat or corn into flour or meal, may purchase flour or meal in quantities not to exceed the equivalent of such wheat or corn so available on the date of purchase and donate such flour and meal pursuant to clauses (3) or (4) of said section 416 and to said section 210 and make such flour or meal available to the President, pursuant to said title II and may sell, without regard to the provisions of section 407 of the Agricultural Act of 1949, as amended, a quantity of wheat and corn not to exceed that which is equivalent to the quantity of flour and meal so purchased.

Agriculture.
Flour and
cornmeal
donations.
68 Stat. 457,
458, 70 Stat.
202.
7 USC 1431,
1859, 1727.

Approved August 19, 1958.

